

BrokerCheck Report

JOEL REID BLUMENSCHIN

CRD# 1372334

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About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. [For more information about FINRA, visit www.finra.org.](http://www.finra.org)



JOEL R. BLUMENSCHN

CRD# 1372334

Currently employed by and registered with the following Firm(s):

KCD FINANCIAL, INC.

3061 Allied Street
SUITE E

Green Bay, WI 54304
CRD# 127473

Registered with this firm since: 04/29/2010

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is registered with:

- 1 Self-Regulatory Organization
- 11 U.S. states and territories

This broker has passed:

- 3 Principal/Supervisory Exams
- 2 General Industry/Product Exams
- 2 State Securities Law Exams

Registration History

This broker was previously registered with the following securities firm(s):

FREEDOM INVESTORS CORP.

CRD# 23714
BROOKFIELD, WI
11/2002 - 08/2017

EZ STOCKS, INC.

CRD# 103866
BROOKFIELD, WI
11/2000 - 09/2012

LISS FINANCIAL SERVICES

CRD# 21950
MILWAUKEE, WI
09/1996 - 11/2000

Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Customer Dispute	1
Judgment/Lien	5

Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at <https://www.adviserinfo.sec.gov>



Broker Qualifications

Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This individual is currently registered with 1 SRO and is licensed in 11 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name: **KCD FINANCIAL, INC.**

Main Office Address: **3061 ALLIED STREET
SUITE B
GREEN BAY, WI 54304**

Firm CRD#: **127473**

SRO	Category	Status	Date
FINRA	General Securities Principal	APPROVED	04/29/2010
FINRA	General Securities Representative	APPROVED	04/29/2010
FINRA	Introducing BD/Finan Operation Principal	APPROVED	02/04/2019
FINRA	Investment Banking Principal	APPROVED	10/01/2018
FINRA	Investment Banking Representative	APPROVED	04/29/2010
FINRA	Operations Professional	APPROVED	10/25/2011
FINRA	Registered Options Principal	APPROVED	04/29/2010

U.S. State/ Territory	Category	Status	Date	U.S. State/ Territory	Category	Status	Date
California	Agent	APPROVED	06/12/2017	Oregon	Agent	APPROVED	12/04/2017
Florida	Agent	APPROVED	07/18/2017	Texas	Agent	APPROVED	05/19/2010
Georgia	Agent	APPROVED	06/13/2017	Washington	Agent	APPROVED	09/27/2017
Idaho	Agent	APPROVED	07/14/2017	Wisconsin	Agent	APPROVED	07/18/2017
Indiana	Agent	APPROVED	08/09/2017				
New York	Agent	APPROVED	08/15/2017				
Ohio	Agent	APPROVED	01/04/2018				

Broker Qualifications



Employment 1 of 1, continued

Branch Office Locations

This individual does not have any registered Branch Office where the individual is located.



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 3 principal/supervisory exams, 2 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
Introducing Broker/Dealer Financial Operations Principal Examination	Series 28	02/04/2019
Registered Options Principal Examination	Series 4	08/11/1987
General Securities Principal Examination	Series 24	01/28/1987

General Industry/Product Exams

Exam	Category	Date
Securities Industry Essentials Examination	SIE	10/01/2018
General Securities Representative Examination	Series 7	06/15/1985

State Securities Law Exams

Exam	Category	Date
Uniform Investment Adviser Law Examination	Series 65	07/22/1996
Uniform Securities Agent State Law Examination	Series 63	06/25/1985

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
11/2002 - 08/2017	FREEDOM INVESTORS CORP.	23714	BROOKFIELD, WI
11/2000 - 09/2012	EZ STOCKS, INC.	103866	BROOKFIELD, WI
09/1996 - 11/2000	LISS FINANCIAL SERVICES	21950	MILWAUKEE, WI
09/1994 - 09/1996	PRINCIPAL FINANCIAL SECURITIES, INC.	260	DALLAS, TX
01/1991 - 09/1994	HAMILTON INVESTMENTS, INC.	821	
09/1990 - 01/1991	WHITEHOUSE & MOORE INVESTMENTS, INC.	24738	
06/1985 - 10/1990	BLINDER, ROBINSON & CO., INC.	5096	

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
04/2010 - Present	KCD FINANCIAL INC	Green Bay, WI
09/2002 - Present	FREEDOM INVESTORS CORP	HARTLAND, WI
08/2000 - 08/2012	EZ STOCKS, INC.	BROOKFIELD, WI
08/2010 - 05/2012	FINRA BOARD OF GOVERNORS	WASHINGTON, DC

Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

BUSINESS NAME: FREEDOM SECURITIES, INC.
 INVESTMENT RELATED: NO,
 ADDRESS - 333 BISHOPS WAY, STE 154 BROOKFIELD, WI 53005,



Registration and Employment History

Other Business Activities, continued

NATURE: PARENT COMPANY,
POSITION OR TITLE: VICE PRESIDENT AND DIRECTOR,
START DATE: 2002,
OF HOURS: 35 HOURS PER WEEK, (25 HOURS PER WEEK DURING TRADING),
DUTIES: OFFICER RELATED DUTIES.

BUSINESS NAME: FREEDOM INSURANCE SOLUTIONS,
INVESTMENT RELATED: NO,
ADDRESS - 333 BISHOPS WAY, STE 154, BROOKFIELD, WI 53005,
NATURE: FIXED INSURANCE SALES,
POSITION OR TITLE: VICE PRESIDENT AND DIRECTOR,
START DATE: 2008,
OF HOURS: 2-HOURS PER MONTH, (0 HOUR PER MONTH DURING TRADING),
DUTIES: OFFICER RELATED JOBS.

BUSINESS NAME: KCD FINANCIAL,INC.
INVESTMENT RELATED: YES,
ADDRESS - 3061 Allied St. Suite B Green Bay, WI 54304,
NATURE AND POSITION: BROKER/DEALER-CEO,
POSITION OR TITLE: PRESIDENT AND DIRECTOR,
START DATE: APRIL, 2010,
OF HOURS: 100+HOURS PER MONTH, (10 HOUR PER MONTH DURING TRADING),
DUTIES: OFFICER AND EXECUTIVE FUNCTIONS.

FREEDOM INVESTORS CORP., INVESTMENT RELATED, 333 BISHOPS WAY, STE 154, BROOKFIELD, WI.
BROKER/DEALER - PRESIDENT. START 10-9-02, 30 HOURS PER WEEK OF WHICH 1-2 HOURS PER WEEK ARE
DURING MARKET HOURS. OFFICER AND EXECUTIVE FUNCTIONS.



Disclosure Events

What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
 - o
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
 - o
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Pending	Final	On Appeal
Regulatory Event	0	1	0



Customer Dispute	0	1	N/A
Judgment/Lien	5	N/A	N/A



Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event may involve (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of a broker's authority to act as an attorney, accountant, or federal contractor.

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: N/A
Date Initiated:	04/03/2012
Docket/Case Number:	2010025132201
Employing firm when activity occurred which led to the regulatory action:	FREEDOM INVESTORS CORP.
Product Type:	Penny Stock
Allegations:	FINRA RULE 2010, NASD RULE 3010 - JOEL BLUMENSCHIN WAS DESIGNATED IN HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES AS A REGISTERED PRINCIPAL'S SUPERVISOR AND ACTING ON BEHALF OF THE FIRM, WAS RESPONSIBLE FOR REVIEWING HER ACTIVITY. THE PRINCIPAL, ON BEHALF OF THE FIRM SENT CORRESPONDENCE TO A CUSTOMER REGARDING A COMPLAINT PROPOSING A SETTLEMENT ALTHOUGH SHE IS NOT AN ATTORNEY AND HAD NO PRIOR EXPERIENCE NEGOTIATING SETTLEMENTS. BLUMENSCHIN DID NOT REVIEW HER LETTERS NOR DID HE REVIEW HER LETTER TO THE CUSTOMER INCORPORATING THE FORMAL SETTLEMENT



AGREEMENT. AFTER SHE WAS TOLD BY FINRA THAT THE SETTLEMENT AGREEMENT VIOLATED FINRA RULES, SHE NEGOTIATED A REVISED AGREEMENT WITH THE CUSTOMER WHICH ELIMINATED THE VIOLATIVE PROVISIONS; BLUMENSCHNEIN ALLOWED HER TO DRAFT AND SIGN THE REVISED AGREEMENT WITHOUT REVIEWING THE DOCUMENT. BECAUSE OF PRIOR CUSTOMER COMPLAINTS AND THE CONCERNS OF A STATE REGULATOR, BLUMENSCHNEIN'S FIRM PLACED A REGISTERED REPRESENTATIVE ON HEIGHTENED SUPERVISION WHEN HE JOINED THE FIRM; BLUMENSCHNEIN WAS RESPONSIBLE FOR REVIEWING AND SUPERVISING THE REPRESENTATIVE'S ACTIVITY, INCLUDING A DAILY REVIEW AND APPROVAL OF ALL TRANSACTIONS AND NEW ACCOUNT DOCUMENTS. BLUMENSCHNEIN DID NOT REVIEW TRANSACTIONS IN A CUSTOMER'S ACCOUNT IN RELATION TO THE CUSTOMER'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES, MADE NO CUSTOMER-SPECIFIC SUITABILITY ANALYSIS, AND DID NOT IDENTIFY ANY TRANSACTION IN THE ACCOUNT AS CAUSE FOR HEIGHTENED SECURITY. BLUMENSCHNEIN CONCEDED DURING A FINRA INVESTIGATION THAT CERTAIN PENNY STOCKS WERE NOT SUITABLE FOR THE CUSTOMER. WHILE THE REGISTERED REPRESENTATIVE WAS EFFECTING TRADES IN THE CUSTOMER'S ACCOUNT, BLUMENSCHNEIN NEVER QUESTIONED OR DOCUMENTED ANY CONCERNS ABOUT ANY TRANSACTIONS IN THE ACCOUNT. THE MEMBER FIRM, ACTING THROUGH BLUMENSCHNEIN, FAILED TO DESIGN AND IMPLEMENT A SYSTEM TO REASONABLY SUPERVISE CUSTOMER TRANSACTIONS EFFECTED BY THE FIRM'S REGISTERED REPRESENTATIVES. THE FIRM SUPERVISED TRANSACTIONS PRIMARILY BY MEANS OF BLUMENSCHNEIN'S PERIODIC REVIEW OF A DAILY ORDER ACTIVITY REPORT SUPPLIED BY THE FIRM'S CLEARING FIRM. BLUMENSCHNEIN USED THE REPORT TO IDENTIFY TRANSACTIONS HE CALLED OUTLIERS, INCLUDING TRANSACTIONS IN STOCKS UNFAMILIAR TO HIM, USUALLY LARGE PURCHASES AND TRADES AWAY FROM THE MARKET, AND DEALT WITH THEM, IF AT ALL, IN AN AD HOC FASHION, WITHOUT DOCUMENTING EITHER THE IDENTIFIED TRANSACTIONS OR THE RESOLUTION, IF ANY, OF HIS CONCERNS. AFTER PROVIDING CONTRADICTORY TESTIMONY, BLUMENSCHNEIN TOLD FINRA THAT HE DID NOT ACCESS THE PENNY STOCK TRANSACTION REPORT THAT COULD ASSIST A SUITABILITY ANALYSIS OF PENNY STOCK TRANSACTIONS BECAUSE IT INCLUDED CUSTOMER'S NAMES, INVESTMENT PROFILES AND WHETHER TRADES WERE SOLICITED OR UNSOLICITED.

Current Status:

Final

Resolution:

Decision & Order of Offer of Settlement



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Resolution Date:

04/23/2012

Sanctions Ordered:

Civil and Administrative Penalty(ies)/Fine(s)
Suspension

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?

No

(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?



(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	ANY PRINCIPAL CAPACITY
Duration:	THREE MONTHS
Start Date:	05/21/2012
End Date:	08/20/2012

**Monetary Sanction 1 of 1****Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)**Total Amount:** \$30,000.00**Portion Levied against individual:** \$30,000.00**Payment Plan:****Is Payment Plan Current:****Date Paid by individual:** 05/13/2014**Was any portion of penalty waived?** No**Amount Waived:****Regulator Statement**

COMPLAINT FILED: SEPTEMBER 22, 2011
 WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, BLUMENSCHIN
 CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF
 FINDINGS; THEREFORE, HE IS FINED \$30,000, JOINTLY AND SEVERALLY,
 AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ANY
 PRINCIPAL CAPACITY FOR THREE MONTHS. THE SUSPENSION IS IN
 EFFECT FROM MAY 21, 2012 THROUGH AUGUST 20, 2012. FINE PAID IN
 FULL ON MAY 13, 2014.

Reporting Source: Broker**Regulatory Action Initiated By:** FINRA**Sanction(s) Sought:** Other: N/A**Date Initiated:** 04/03/2012**Docket/Case Number:** [2010025132201](#)**Employing firm when activity occurred which led to the regulatory action:** FREEDOM INVESTORS CORP**Product Type:** Penny Stock**Allegations:** FINRA RULE 2010, NASD RULE 3010 - JOEL BLUMENSCHIN WAS DESIGNATED IN HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES AS A REGISTERED PRINCIPAL'S SUPERVISOR AND ACTING



ON BEHALF OF THE FIRM, WAS RESPONSIBLE FOR REVIEWING HER ACTIVITY. THE PRINCIPAL, ON BEHALF OF THE FIRM SENT CORRESPONDENCE TO A CUSTOMER REGARDING A COMPLAINT PROPOSING A SETTLEMENT ALTHOUGH SHE IS NOT AN ATTORNEY AND HAD NO PRIOR EXPERIENCE NEGOTIATING SETTLEMENTS. BLUMENSCHNEIN DID NOT REVIEW HER LETTERS NOR DID HE REVIEW HER LETTER TO THE CUSTOMER INCORPORATING THE FORMAL SETTLEMENT AGREEMENT. AFTER SHE WAS TOLD BY FINRA THAT THE SETTLEMENT AGREEMENT VIOLATED FINRA RULES, SHE NEGOTIATED A REVISED AGREEMENT WITH THE CUSTOMER WHICH ELIMINATED THE VIOLATIVE PROVISIONS; BLUMENSCHNEIN ALLOWED HER TO DRAFT AND SIGN THE REVISED AGREEMENT WITHOUT REVIEWING THE DOCUMENT. BECAUSE OF PRIOR CUSTOMER COMPLAINTS AND THE CONCERNS OF A STATE REGULATOR, BLUMENSCHNEIN'S FIRM PLACED A REGISTERED REPRESENTATIVE ON HEIGHTENED SUPERVISION WHEN HE JOINED THE FIRM; BLUMENSCHNEIN WAS RESPONSIBLE FOR REVIEWING AND SUPERVISING THE REPRESENTATIVE'S ACTIVITY, INCLUDING A DAILY REVIEW AND APPROVAL OF ALL TRANSACTIONS AND NEW ACCOUNT DOCUMENTS. BLUMENSCHNEIN DID NOT REVIEW TRANSACTIONS IN A CUSTOMER'S ACCOUNT IN RELATION TO THE CUSTOMER'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES, MADE NO CUSTOMER-SPECIFIC SUITABILITY ANALYSIS, AND DID NOT IDENTIFY ANY TRANSACTION IN THE ACCOUNT AS CAUSE FOR HEIGHTENED SECURITY. BLUMENSCHNEIN CONCEDED DURING A FINRA INVESTIGATION THAT CERTAIN PENNY STOCKS WERE NOT SUITABLE FOR THE CUSTOMER. WHILE THE REGISTERED REPRESENTATIVE WAS EFFECTING TRADES IN THE CUSTOMER'S ACCOUNT, BLUMENSCHNEIN NEVER QUESTIONED OR DOCUMENTED ANY CONCERNS ABOUT ANY TRANSACTIONS IN THE ACCOUNT. THE MEMBER FIRM, ACTING THROUGH BLUMENSCHNEIN, FAILED TO DESIGN AND IMPLEMENT A SYSTEM TO REASONABLY SUPERVISE CUSTOMER TRANSACTIONS EFFECTED BY THE FIRM'S REGISTERED REPRESENTATIVES. THE FIRM SUPERVISED TRANSACTIONS PRIMARILY BY MEANS OF BLUMENSCHNEIN'S PERIODIC REVIEW OF A DAILY ORDER ACTIVITY REPORT SUPPLIED BY THE FIRM'S CLEARING FIRM. BLUMENSCHNEIN USED THE REPORT TO IDENTIFY TRANSACTIONS HE CALLED OUTLIERS, INCLUDING TRANSACTIONS IN STOCKS UNFAMILIAR TO HIM, USUALLY LARGE PURCHASES AND TRADES AWAY FROM THE MARKET, AND DEALT WITH THEM, IF AT ALL, IN AN AD HOC FASHION, WITHOUT DOCUMENTING EITHER THE IDENTIFIED TRANSACTIONS OR THE RESOLUTION, IF ANY, OF HIS CONCERNS. AFTER PROVIDING CONTRADICTORY TESTIMONY, BLUMENSCHNEIN TOLD FINRA THAT HE DID NOT ACCESS THE PENNY STOCK TRANSACTION REPORT THAT COULD ASSIST A SUITABILITY ANALYSIS OF PENNY STOCK TRANSACTIONS BECAUSE IT INCLUDED CUSTOMER'S NAMES, INVESTMENT PROFILES AND WHETHER TRADES WERE SOLICITED OR UNSOLICITED.



Current Status:	Final
Resolution:	Decision & Order of Offer of Settlement
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	04/23/2012
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	ANY PRINCIPAL CAPACITY
Duration:	THREE MONTHS
Start Date:	05/21/2012
End Date:	08/20/2012
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$30,000.00
Portion Levied against individual:	\$30,000.00
Payment Plan:	
Is Payment Plan Current:	
Date Paid by individual:	
Was any portion of penalty waived?	No
Amount Waived:	
Broker Statement	BLUMENSCHHEIN AGREED TO THE AWC AS STATED TO BRING CLOSURE TO AN ALOMST 2 YEAR INVESTIGATION. SETTLED WIHOUT ADMITTING OR DENYING THE ALLEGATIONS AND CHARGES.



Customer Dispute - Closed-No Action / Withdrawn / Dismissed / Denied

This type of disclosure event involves (1) a consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the individual broker that was dismissed, withdrawn, or denied; or (2) a consumer-initiated, investment-related written complaint containing allegations that the broker engaged in sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities, which was closed without action, withdrawn, or denied.

Disclosure 1 of 1

Reporting Source:	Broker
Employing firm when activities occurred which led to the complaint:	Freedom Investors Corporation
Allegations:	Alleged churning and unsuitable investments throughout the account existence 2013-2016.
Product Type:	Debt-Corporate Debt-Municipal Equity-OTC Equity Listed (Common & Preferred Stock) Money Market Fund Mutual Fund Options Promissory Note
Alleged Damages:	\$0.00
Alleged Damages Amount Explanation (if amount not exact):	No damage amount has been alleged
Is this an oral complaint?	No
Is this a written complaint?	Yes
Is this an arbitration/CFTC reparation or civil litigation?	No

Customer Complaint Information

Date Complaint Received:	12/29/2016
Complaint Pending?	No
Status:	Denied
Status Date:	11/28/2018
Settlement Amount:	\$0.00



Individual Contribution

Amount:

Arbitration Information

Disposition: Denied

Disposition Date: 11/28/2018

Broker Statement

Long term accredited client who knew exactly everything in her trust account, passed away. New trustee who also knew everything in the trust, is now trying to see if he can stir up problems and justify his fees to the trust. I categorically deny all accusations.
Emails directing the Rep to complete these transactions were reviewed from the Trustee. Claim denied.



Judgment / Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

Disclosure 1 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	IRS
Judgment/Lien Amount:	\$15,306.85
Judgment/Lien Type:	Tax
Date Filed with Court:	12/05/2018
Date Individual Learned:	01/14/2019
Type of Court:	County Court
Name of Court:	Waukesha County
Location of Court:	Waukesha County, WI
Docket/Case #:	4374099
Judgment/Lien Outstanding?	Yes
Broker Statement	This lien is dispute with the IRS.

Disclosure 2 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	IRS
Judgment/Lien Amount:	\$106,083.14
Judgment/Lien Type:	Tax
Date Filed with Court:	08/16/2017
Date Individual Learned:	09/12/2018
Type of Court:	County Court
Name of Court:	Waukesha County
Location of Court:	Waukesha County, WI
Docket/Case #:	4294421
Judgment/Lien Outstanding?	Yes
Broker Statement	This lien is dispute with the IRS.



Disclosure 3 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	Dept of Revenue
Judgment/Lien Amount:	\$14,789.30
Judgment/Lien Type:	Tax
Date Filed with Court:	12/09/2016
Date Individual Learned:	10/06/2017
Type of Court:	County Court
Name of Court:	Waukesha County Court
Location of Court:	Waukesha County
Docket/Case #:	2017TW000435
Judgment/Lien Outstanding?	Yes
Broker Statement	This lien stems from 941 taxes for a BD that went out of business. Partial releases have been made and we are still negotiating with the IRS on the sum amount.

Disclosure 4 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	Dept of Revenue
Judgment/Lien Amount:	\$12,606.73
Judgment/Lien Type:	Tax
Date Filed with Court:	12/09/2016
Date Individual Learned:	10/06/2017
Type of Court:	County Court
Name of Court:	Waukesha County
Location of Court:	Waukesha County
Docket/Case #:	2017TW000437
Judgment/Lien Outstanding?	Yes
Broker Statement	This lien stems from 941 taxes for a BD that went out of business. Partial releases



have been made and we are still negotiating with the IRS on the sum amount.

Disclosure 5 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	Dept of Revenue
Judgment/Lien Amount:	\$24,067.76
Judgment/Lien Type:	Tax
Date Filed with Court:	02/23/2016
Date Individual Learned:	10/06/2017
Type of Court:	County Court
Name of Court:	Waukesha County Court
Location of Court:	Waukesha County
Docket/Case #:	2016TW000865
Judgment/Lien Outstanding?	Yes
Broker Statement	This lien stems from 941 taxes for a BD that went out of business. Partial releases have been made and we are still negotiating with the IRS on the sum amount.

End of Report



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