**BrokerCheck Report**

# JOSEPH ANTHONY GIORDANO

CRD# 1383564



When communicating online or investing with any professional, make sure you know who you're dealing with. Imposters might link to sites like BrokerCheck from phishing or similar scam websites, or through social media, trying to steal your personal information or your money.

Please contact FINRA with any concerns.

**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:
  - 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
  - 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.
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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.

# JOSEPH A. GIORDANO

CRD# 1383564

This broker is not currently registered.

## 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 not currently registered.**

**This broker has passed:**

- 1 Principal/Supervisory Exam
- 1 General Industry/Product Exam
- 1 State Securities Law Exam

### Registration History

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

B **MEYERS ASSOCIATES, L.P.**
CRD# 34171
ANNAPOLIS, MD
07/2012 - 07/2013

B **CAPITAL INVESTMENT GROUP, INC.**
CRD# 14752
ANNAPOLIS, MD
10/1992 - 06/2012

B **MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**
CRD# 7691
NEW YORK, NY
04/1991 - 04/1992

### Disclosure Events

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

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

**The following types of disclosures have been reported:**

| Type | Count |
|---|---|
| Regulatory Event | 3 |
| Civil Event | 1 |
| Customer Dispute | 1 |

# Broker Qualifications

## Registrations

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

This broker is not currently registered.

# 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. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

**This individual has passed 1 principal/supervisory exam, 1 general industry/product exam, and 1 state securities law exam.**

### Principal/Supervisory Exams

| | Exam | Category | Date |
|---|---|---|---|
| B | General Securities Principal Examination | Series 24 | 01/07/1997 |

### General Industry/Product Exams

| | Exam | Category | Date |
|---|---|---|---|
| B | General Securities Representative Examination | Series 7 | 07/20/1985 |

### State Securities Law Exams

| | Exam | Category | Date |
|---|---|---|---|
| B | Uniform Securities Agent State Law Examination | Series 63 | 07/30/1985 |

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/.

# Broker Qualifications

## Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.

# Registration and Employment History

## Registration History

The broker previously was registered with the following securities firms:

| | Registration Dates | Firm Name | CRD# | Branch Location |
|---|---|---|---|---|
| B | 07/2012 - 07/2013 | MEYERS ASSOCIATES, L.P. | 34171 | ANNAPOLIS, MD |
| B | 10/1992 - 06/2012 | CAPITAL INVESTMENT GROUP, INC. | 14752 | ANNAPOLIS, MD |
| B | 04/1991 - 04/1992 | MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED | 7691 | NEW YORK, NY |
| B | 05/1986 - 02/1991 | CHARLES SCHWAB & CO., INC. | 5393 | WESTLAKE, TX |
| B | 07/1985 - 10/1985 | FIRST JERSEY SECURITIES, INC. | 6621 | |

## 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 | Employer Name | Position | Investment Related | Employer Location |
|---|---|---|---|---|
| 06/2012 - Present | MEYERS ASSOCIATES LP | REPRESENTATIVE | Y | NEW YORK, NY, United States |
| 01/2005 - Present | GIORDANO ASSET MANAGEMENT, LLC | REPRESENTATIVE | Y | ANNAPOLIS, MD, United States |

# Disclosure Events

**What you should know about reported disclosure events:**

1. **Disclosure events in BrokerCheck reports come from different sources:**
   - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

**For your convenience, below is a matrix of the number and status of regulatory 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.**

| | Final | On Appeal |
|---|---|---|
| Regulatory Event | 3 | 0 |
| Civil Event | 1 | 0 |
| Customer Dispute | 1 | N/A |

## Disclosure Event Details

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 involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

**Disclosure 1 of 3**

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Regulatory Action Initiated By:** | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| **Sanction(s) Sought:** | Other: N/A |
| **Date Initiated:** | 02/26/2016 |
| **Docket/Case Number:** | 3-17137 |
| **Employing firm when activity occurred which led to the regulatory action:** | Capital Investment Group, Inc. and Giordano Asset Management |
| **Product Type:** | No Product |
| **Allegations:** | The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Joseph A. Giordano ("Respondent"). The Commission finds that On February 10, 2016, a final judgment was entered by consent against Giordano, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) and (4) of the Advisers Act and Rule 206(4)-8 thereunder, and Section 34(b) of the Investment Company Act of 1940 ("Investment Company Act"), in the civil action entitled Securities and Exchange Commission v. Joseph A. Giordano, et al., Civil Action Number 14-cv-3598, in the United States District Court for the District of Maryland. The Commission's complaint alleged that from 2006 to 2010, in connection with the sale of an unregistered offering of Empire Corporation ("Empire") "Senior Subordinated Debenture Bonds" and "Registered Debentures" (collectively "bonds"), Giordano and others induced investors to purchase Empire bonds by making materially false and misleading statements and omissions concerning, among other things, Empire's financial condition and its |

ability to generate the promised returns. Giordano and others misled investors by claiming that investor proceeds would be used for various corporate purposes, which they were not. Giordano sold Empire bonds directly to investors, and advised his investment advisory client, the Giordano Fund, to purchase these bonds. Contrary to what Giordano and others told investors, Empire was effectively insolvent by the end of 2006, with the company unable to cover day-to-day operating expenses and make interest and redemption payments to investors. On May 17, 2013, the Securities Division of the Office of the Maryland Attorney General entered a Consent Order barring Giordano from engaging in the securities or investment advisory business in the state of Maryland.

| | |
|---|---|
| **Current Status:** | Final |
| **Resolution:** | Order |
| **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:** | 02/26/2016 |
| **Sanctions Ordered:** | Bar (Permanent)<br>Other: Penny Stock Bar |
| **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 2**

| | |
|---|---|
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | Participating in any offering of a penny stock |
| **Duration:** | Indefinite |
| **Start Date:** | 02/26/2016 |
| **End Date:** | |

**Sanction 2 of 2**

| | |
|---|---|
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | Association with any broker, dealer, or investment adviser |
| **Duration:** | Indefinite |
| **Start Date:** | 02/26/2016 |
| **End Date:** | |

| | |
|---|---|
| **Regulator Statement** | Giordano has submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Accordingly, it is hereby ordered that Giordano be, and hereby is barred from association with any broker, dealer, or investment adviser; and Giordano be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock. |

**Disclosure 2 of 3**

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Regulatory Action Initiated By:** | FINRA |
| **Sanction(s) Sought:** | Other: N/A |
| **Date Initiated:** | 09/16/2013 |
| **Docket/Case Number:** | 2010024683401 |
| **Employing firm when activity occurred which led to the regulatory action:** | CAPITAL INVESTMENT GROUP, INC. |
| **Product Type:** | Other: UNREGISTERED DEBENTURES |
| **Allegations:** | WILLFULLY VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER, VIOLATED SECTION 5 OF THE SECURITIES ACT OF 1933, FINRA RULES 2010, 2020, NASD RULES 2110, 2310, 3040(D) - JOSEPH GIORDANO SOLICITED SALES OF DEBENTURES FROM CUSTOMERS WHO PURCHASED DEBENTURES TOTALING $704,000 CONTRARY TO HIS MEMBER FIRM'S PERMISSION TO CONTINUE TO SELL DEBENTURES BUT ONLY ON AN UNSOLICITED BASIS. GIORDANO PARTICIPATED IN THE DISTRIBUTION OF UNREGISTERED DEBENTURES; GIORDANO SOLD APPROXIMATELY $3.1 MILLION OF THE DEBENTURES TO FIRM CUSTOMERS AND FAILED TO CONDUCT ADEQUATE DUE DILIGENCE REGARDING THE REGISTRATION STATUS OF THE DEBENTURES PRIOR TO RECOMMENDING AND SELLING THEM TO CUSTOMERS. GIORDANO'S SELLING ACTIVITIES INCREASED; ONE YEAR HE SOLD OVER $1.4 MILLION OF THE DEBENTURES. GIORDANO RECOMMENDED THE PURCHASE OF DEBENTURES TO CUSTOMERS FOR WHOM THEY WERE NOT SUITABLE INVESTMENTS BASED ON THEIR INVESTMENT OBJECTIVES, RISK TOLERANCES AND FINANCIAL PROFILES. GIORDANO RECOMMENDED CUSTOMERS PURCHASE THE DEBENTURES IN THEIR QUALIFIED RETIREMENT ACCOUNTS AND RECOMMENDED THE PURCHASE OF THE DEBENTURES AT UNSUITABLE CONCENTRATION LEVELS. GIORDANO MADE FALSE AND MISLEADING STATEMENTS TO THE FIRM IN CONNECTION WITH THE SALES OF THE DEBENTURES WHEN HE ADVISED THE FIRM THAT HE WAS NOT SOLICITING SALES WHEN IN FACT, HE WAS. GIORDANO HAD ADVISED THE FIRM HE WAS NOT RECEIVING COMPENSATION; IN ONE YEAR HE RECEIVED CHECKS TOTALING $63,900 IN CONNECTION WITH THE SALE OF THE DEBENTURES BUT DID NOT DISCLOSE IT TO THE FIRM. GIORDANO BECAME AWARE OF INSTANCES |

WHERE REDEMPTION CHECKS WERE RETURNED AND OF LATE REDEMPTION PAYMENTS BUT CONTINUED TO SOLICIT ADDITIONAL INVESTORS, REPRESENTING TO ONE INVESTOR THAT THE DEBENTURE WAS SAFE AND IN OTHER INSTANCES HE FAILED TO DISCLOSE TO INVESTORS THAT THE ISSUER HAD BEEN EXPERIENCING DIFFICULTIES MEETING REDEMPTION PAYMENTS. THE MISREPRESENTATIONS AND OMISSIONS BY GIORDANO WERE MATERIAL IN THAT HE FAILED TO DISCLOSE THAT THE ISSUER HAD BEEN MAKING UNTIMELY REDEMPTION PAYMENTS TO EXISTING INVESTORS AND, IN SOME INSTANCES WAS UNABLE TO PAY ON MATURING DEBENTURES.

| | |
|---|---|
| **Current Status:** | Final |
| **Resolution:** | Acceptance, Waiver & Consent(AWC) |
| **Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** | Yes |
| **Resolution Date:** | 09/16/2013 |
| **Sanctions Ordered:** | Bar (Permanent) |
| **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?** | Yes |

| | |
|---|---|
| **(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?** | Yes |
| **(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** | No |

| | |
|---|---|
| **(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?** | No |
| **Sanction 1 of 1** | |
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | All Capacities |
| **Duration:** | Indefinite |
| **Start Date:** | 09/16/2013 |
| **End Date:** | |
| **Regulator Statement** | WITHOUT ADMITTING OR DENYING THE FINDINGS, GIORDANO CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, HE IS BARRED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ANY CAPACITY. THIS SETTLEMENT INCLUDES A FINDING THAT GIORDANO WILLFULLY VIOLATED SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, AND THAT UNDER ARTICLE III, SECTION 4 OF FINRA'S BY-LAWS, THIS MAKES HIM SUBJECT TO A STATUTORY DISQUALIFICATION WITH RESPECT TO ASSOCIATION WITH A FINRA MEMBER. |

## Disclosure 3 of 3

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|---|---|
| **Reporting Source:** | Regulator |
| **Regulatory Action Initiated By:** | MARYLAND |
| **Sanction(s) Sought:** | Bar |

| | |
|---|---|
| | Civil and Administrative Penalty(ies)/Fine(s) |
| **Date Initiated:** | 07/12/2012 |
| **Docket/Case Number:** | 2012-0297 |
| **URL for Regulatory Action:** | |
| **Employing firm when activity occurred which led to the regulatory action:** | CAPITAL INVESTMENT GROUP, INC. |
| **Product Type:** | Debt-Corporate |
| **Allegations:** | THE MARYLAND SECURITIES DIVISION ALLEGED THAT JOSEPH GIORDANO (GIORDANO) AND GIORDANO ASSET MANAGEMENT LLC ("GAM") VIOLATED SECTIONS 11-301 AND 11-302 OF THE MARYLAND SECURITIES ACT (THE "ACT") BY MISREPRESENTING OR OMITTING TO DISCLOSE MATERIAL FACTS TO INVESTORS, THAT GIORDANO VIOLATED SECTION 11-501 OF THE ACT BY OFFERING AND SELLING UNREGISTERED SECURITIES, THAT GIORDANO AND HARBOR INVESTMENT SOLUTIONS LLC ("HARBOR") VIOLATED SECTION 11-401 OF THE ACT BY ACTING AS AN UNREGISTERED BROKER-DEALER, AGENT, INVESTMENT ADVISER, OR INVESTMENT ADVISER REPRESENTATIVE, THAT HARBOR VIOLATED SECTION 11-402 OF THE ACT BY EMPLOYING AN UNREGISTERED AGENT AND INVESTMENT ADVISER REPRESENTATIVE, AND THAT GIORDANO VIOLATED SECTION 11-411 OF THE ACT BY FAILING TO AMEND HIS FORM U4 TO DISCLOSE AN OUTSIDE BUSINESS ACTIVITY. |
| **Current Status:** | Final |
| **Resolution:** | Consent |
| **Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** | Yes |
| **Resolution Date:** | 05/17/2013 |
| **Sanctions Ordered:** | Bar (Permanent)<br>Cease and Desist<br>Civil and Administrative Penalty(ies)/Fine(s) |
| **Sanction 1 of 1** | |
| **Sanction Type:** | Bar (Permanent) |

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|---|---|
| **Capacities Affected:** | BROKER-DEALER, AGENT, INVESTMENT ADVISER, INVESTMENT ADVISER REPRESENTATIVE |
| **Duration:** | |
| **Start Date:** | 05/17/2013 |
| **End Date:** | |

**Monetary Sanction 1 of 1**

| | |
|---|---|
| **Monetary Related Sanction:** | Civil and Administrative Penalty(ies)/Fine(s) |
| **Total Amount:** | $100,000.00 |
| **Portion Levied against individual:** | $100,000.00 |
| **Payment Plan:** | $5,000 UPFRONT, $,2500 EVERY SUBSEQUENT QUARTER |
| **Is Payment Plan Current:** | Yes |
| **Date Paid by individual:** | 05/17/2013 |
| **Was any portion of penalty waived?** | Yes |
| **Amount Waived:** | $75,000.00 |

| | |
|---|---|
| **Reporting Source:** | Broker |
| **Regulatory Action Initiated By:** | MARYLAND |
| **Sanction(s) Sought:** | Bar<br>Civil and Administrative Penalty(ies)/Fine(s) |
| **Date Initiated:** | 07/12/2012 |
| **Docket/Case Number:** | 2012-0297 |
| **Employing firm when activity occurred which led to the regulatory action:** | CAPITAL INVESTMENT GROUP |
| **Product Type:** | Debt-Corporate |
| **Allegations:** | MISREPRESENTED OR OMITTED MATERIAL FACTS TO INVESTORS, OFFERING AND SELLING UNREGISTERED SECURITIES, ACTED AS AN UNREGISTERED B/D, AGENT, INVESTMENT ADVISOR OR INVESTMENT |

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|---|---|
| | ADVISOR REPRESENTATIVE, FAILED TO AMEND U-4 WITH OUTSIDE BUSINESS ACTIVITY, |
| **Current Status:** | Final |
| **Resolution:** | Consent |
| **Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** | Yes |
| **Resolution Date:** | 05/17/2013 |
| **Sanctions Ordered:** | Bar (Permanent)<br>Cease and Desist<br>Civil and Administrative Penalty(ies)/Fine(s) |
| **Sanction 1 of 1** | |
| **Sanction Type:** | Bar (Permanent) |
| **Capacities Affected:** | BROKER DEAKER, AGENT, INVESTMENT ADVISOR, INVESTMENT ADVISOR REPRESENTATIVE |
| **Duration:** | |
| **Start Date:** | 05/17/2013 |
| **End Date:** | |
| **Monetary Sanction 1 of 1** | |
| **Monetary Related Sanction:** | Civil and Administrative Penalty(ies)/Fine(s) |
| **Total Amount:** | $100,000.00 |
| **Portion Levied against individual:** | $100,000.00 |
| **Payment Plan:** | $5,000 UPFRONT, $2500 EVERY SUBSEQUENT QUARTER |
| **Is Payment Plan Current:** | Yes |
| **Date Paid by individual:** | 05/17/2013 |
| **Was any portion of penalty waived?** | Yes |
| **Amount Waived:** | $75,000.00 |

## Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

### Disclosure 1 of 1

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Initiated By:** | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| **Relief Sought:** | Civil and Administrative Penalty(ies)/Fine(s)<br>Disgorgement<br>Injunction<br>Monetary Penalty other than Fines |
| **Date Court Action Filed:** | 11/14/2014 |
| **Product Type:** | Other: UNSPECIFIED BONDS FRAUD |
| **Type of Court:** | Federal Court |
| **Name of Court:** | UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND |
| **Location of Court:** | BALTIMORE, MARYLAND |
| **Docket/Case #:** | CIVIL ACTION NO. 14:CV-3598 |
| **Employing firm when activity occurred which led to the action:** | N/A |
| **Allegations:** | THE SEC LITIGATION RELEASE 23132 / NOVEMBER 14, 2014: THE SECURITIES AND EXCHANGE COMMISSION CHARGED THE OWNER OF A MARYLAND-BASED REAL ESTATE COMPANY WITH CONDUCTING AN OFFERING FRAUD AND SPENDING INVESTOR MONEY. THE AGENCY ALSO CHARGED A FORMER STOCKBROKER, JOSEPH A. GIORDANO, FOR PARTICIPATING IN THE SCHEME. THE SEC'S COMPLAINT FILED IN FEDERAL COURT IN BALTIMORE CHARGES GIORDANO, ANOTHER RESPONDENT AND THE RESPONDENT'S COMPANY WITH VIOLATIONS OF SECTIONS 5(A), 5(C) AND 17(A) OF THE SECURITIES ACT OF 1933 AS WELL AS SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5. THE COMPLAINT ALSO CHARGES GIORDANO WITH VIOLATIONS OF SECTIONS 206(1), 206(2) AND 206(4) OF THE INVESTMENT ADVISERS ACT OF 1940 AND RULE 206(4)-8 AS WELL AS SECTION 34(B) OF THE INVESTMENT COMPANY ACT OF 1940. THE SEC ALLEGES THAT THE OTHER RESPONDENT SOLD INVESTORS PURPORTED BONDS IN HIS COMPANY, WHICH HE TOUTED AS A SUCCESSFUL AND PROFITABLE BUSINESS WITH THE RESOURCES TO PAY PROMISED ANNUAL RETURNS OF 10 PERCENT. ALONG WITH JOSEPH A. GIORDANO, THE INDIVIDUAL AND HIS COMPANY RAISED MORE THAN $7 |

MILLION BY MAKING THESE AND OTHER FALSE AND MISLEADING STATEMENTS EXAGGERATING THE SAFETY AND LOW RISK OF THE BONDS. HOWEVER, HIS COMPANY WAS FUNCTIONALLY INSOLVENT IN REALITY, AND DESPITE SAYING INVESTOR FUNDS WOULD BE USED FOR VARIOUS CORPORATE PURPOSES, THE INDIVIDUAL USED THE MONEY TO PAY PERSONAL EXPENSES AS WELL AS THOUSANDS OF DOLLARS IN COMPENSATION TO GIORDANO FOR PARTICIPATING IN THE FRAUD. GIORDANO ALSO STEERED A MUTUAL FUND THAT HE MANAGED INTO PURCHASING THE BONDS DESPITE KNOWING THE COMPANY WAS NEARLY BROKE. THE SCHEME COLLAPSED WHEN THEY WERE UNABLE TO RECRUIT NEW INVESTORS TO FUND THE COMPANY'S OPERATIONS AND REPAY EXISTING INVESTORS, WHO DID NOT RECEIVE THEIR PROMISED RETURNS AND LOST SUBSTANTIALLY ALL OF THEIR INVESTMENTS.

| | |
|---|---|
| **Current Status:** | Final |
| **Resolution:** | Judgment Rendered |
| **Resolution Date:** | 02/10/2016 |
| **Sanctions Ordered or Relief Granted:** | Civil and Administrative Penalty(ies)/Fine(s)<br>Disgorgement<br>Injunction<br>Monetary Penalty other than Fines |
| **Capacities 1 of 1** | |
| **Capacities Affected:** | n/a |
| **Duration:** | permanent |
| **Start Date:** | 02/10/2016 |
| **End Date:** | |
| **Monetary Sanction 1 of 3** | |
| **Monetary Sanction:** | Monetary Fine |
| **Total Amount:** | $150,000.00 |
| **Portion against individual:** | 150000 |
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |
| **Monetary Sanction 2 of 3** | |
| **Monetary Sanction:** | prejudgment interest on disgorgement |

| | |
|---|---|
| **Total Amount:** | $16,616.49 |
| **Portion against individual:** | 16616.49 |
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |

**Monetary Sanction 3 of 3**

| | |
|---|---|
| **Monetary Sanction:** | Disgorgement |
| **Total Amount:** | $69,300.00 |
| **Portion against individual:** | 69300 |
| **Date Paid:** | |
| **Portion Waived:** | No |
| **Amount Waived:** | |

**Regulator Statement**

On February 10, 2016, the Court entered Judgment, by consent, against Joseph A. Giordano wherein he was permanently restrained and enjoined from violating Sections 5 and 17(a) of the Securities Act of 1933 (the "Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, Section 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder, and Section 34(b) of the Investment Company Act of 1940.

It was further Ordered that the Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty. The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the Commission.

On January 6, 2017 a final judgment was entered wherein Giordano was ordered to pay disgorgement in the amount of $69,300, prejudgment interest in the amount of $16,616.49, and a civil penalty in the amount of $150,000.

## Customer Dispute - Award / Judgment

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the named broker that resulted in an arbitration award or civil judgment for the customer.

### Disclosure 1 of 1

| | |
|---|---|
| **Reporting Source:** | Regulator |
| **Employing firm when activities occurred which led to the complaint:** | CAPITAL INVESTMENT GROUP, INC. |
| **Allegations:** | FAILURE TO REGISTER-MARYLAND; FAILURE TO REGISTER-SEC; VIOLATION OF THE MARYLAND CONSUMER PROTECTION ACT; INTENTIONAL MISREPRESENTATION; NEGLIGENT MISREPRESENTATION; VIOLATION OF THE MARYLAND SECURITIES ACT SECTIONS 11-301 AND 11-302; FALSE STATEMENTS IN VIOLATION OF 11 USC SECTION 77(1) |
| **Product Type:** | Other: SENIOR SUBORDINATED DEBENTURE BOND |
| **Alleged Damages:** | $45,453.75 |

### Arbitration Information

| | |
|---|---|
| **Arbitration/Reparation Claim filed with and Docket/Case No.:** | FINRA - CASE #12-02784 |
| **Date Notice/Process Served:** | 07/31/2012 |
| **Arbitration Pending?** | No |
| **Disposition:** | Award |
| **Disposition Date:** | 01/21/2014 |
| **Disposition Detail:** | GIORDANO IS JOINTLY AND SEVERALLY LIABLE AND SHALL PAY TO CLAIMANT COMPENSATORY DAMAGES IN THE AMOUNT OF $30,000 PLUS INTEREST AT THE RATE OF 6% PER ANNUM ACCRUING FROM NOVEMBER 6, 2009 THROUGH THE DATE OF SERVICE OF THIS AWARD. |

| | |
|---|---|
| **Reporting Source:** | Firm |
| **Employing firm when activities occurred which led to the complaint:** | CAPITAL INVESTMENT GROUP, INC. |
| **Allegations:** | CLIENT ALLEGES FAILURE TO REGISTER CORPORATE BOND, INTENTIONAL AND NEGLIGENT MISREPRESENTATION |

**Product Type:** Debt-Corporate

**Alleged Damages:** $530,000.00

**Alleged Damages Amount Explanation (if amount not exact):** INCLUDES $500,000.00 PUNITIVE

## Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 12-02784

**Date Notice/Process Served:** 08/09/2012

**Arbitration Pending?** No

**Disposition:** Award to Customer

**Disposition Date:** 01/21/2014

**Monetary Compensation Amount:** $37,579.73

**Individual Contribution Amount:** $0.00

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** CAPITAL INVESTMENT GROUP, INC.

**Allegations:** SALE OF UNREGISTERED SECURITY, FAILURE TO DISCLOSE

**Product Type:** Debt-Corporate

**Alleged Damages:** $30,000.00

## Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 12-02784

**Date Notice/Process Served:** 08/17/2012

**Arbitration Pending?** Yes

# End of Report

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