

## BrokerCheck Report

**MICHAEL JOSEPH VALDES**

CRD# 1412990

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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.

**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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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).

**MICHAEL J. VALDES**

CRD# 1412990

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

**IA MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**  
 101 E KENNEDY BLVD  
 PBIG - FLORIDA PWM TAMPA  
 TAMPA, FL 33602  
 CRD# 7691  
 Registered with this firm since: 11/01/1985

**B MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**  
 101 E KENNEDY BLVD  
 PBIG - FLORIDA PWM TAMPA  
 TAMPA, FL 33602  
 CRD# 7691  
 Registered with this firm since: 10/23/1985

**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:**

- 6 Self-Regulatory Organizations
- 43 U.S. states and territories

**This broker has passed:**

- 0 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):**

No information reported.

**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	13



## 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 6 SROs and is licensed in 43 U.S. states and territories through his or her employer.**

### Employment 1 of 1

Firm Name: **MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

Main Office Address: **ONE BRYANT PARK  
NEW YORK, NY 10036**

Firm CRD#: **7691**

	SRO	Category	Status	Date
B	Cboe BYX Exchange, Inc.	General Securities Representative	Approved	05/14/2014
B	Cboe BZX Exchange, Inc.	General Securities Representative	Approved	05/14/2014
B	Cboe Exchange, Inc.	General Securities Representative	Approved	03/03/1991
B	FINRA	General Securities Representative	Approved	10/23/1985
B	Nasdaq Stock Market	General Securities Representative	Approved	07/12/2006
B	New York Stock Exchange	General Securities Representative	Approved	12/23/1985

	U.S. State/ Territory	Category	Status	Date
B	Alabama	Agent	Approved	04/25/2024
B	Arizona	Agent	Approved	03/09/2012
B	Arkansas	Agent	Approved	07/29/2025
B	California	Agent	Approved	03/10/1988
B	Colorado	Agent	Approved	07/02/1996
B	Connecticut	Agent	Approved	01/23/1987
B	Delaware	Agent	Approved	12/26/2019



## Broker Qualifications

### Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	District of Columbia	Agent	Approved	12/12/2019
B	Florida	Agent	Approved	11/01/1985
IA	Florida	Investment Adviser Representative	Approved	11/01/1985
B	Georgia	Agent	Approved	01/27/1987
B	Idaho	Agent	Approved	07/11/2022
B	Illinois	Agent	Approved	07/11/1996
B	Indiana	Agent	Approved	09/21/1994
B	Kansas	Agent	Approved	01/21/2026
B	Kentucky	Agent	Approved	08/04/2000
B	Louisiana	Agent	Approved	02/18/1986
B	Maryland	Agent	Approved	01/27/2012
B	Massachusetts	Agent	Approved	02/03/2012
B	Michigan	Agent	Approved	03/27/2018
B	Mississippi	Agent	Approved	07/21/2022
B	Missouri	Agent	Approved	12/17/1993
B	Nebraska	Agent	Approved	01/24/1989
B	Nevada	Agent	Approved	12/16/1996
B	New Hampshire	Agent	Approved	10/25/2023
B	New Jersey	Agent	Approved	12/01/1993
B	New Mexico	Agent	Approved	01/26/2012
B	New York	Agent	Approved	04/02/1993

## Broker Qualifications



### Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	North Carolina	Agent	Approved	08/28/1996
B	Ohio	Agent	Approved	10/12/2017
B	Oklahoma	Agent	Approved	02/19/1993
B	Oregon	Agent	Approved	01/06/2012
B	Pennsylvania	Agent	Approved	02/19/1992
B	Rhode Island	Agent	Approved	10/23/2023
B	South Carolina	Agent	Approved	06/22/2022
B	Tennessee	Agent	Approved	09/18/2012
B	Texas	Agent	Approved	02/27/1997
IA	Texas	Investment Adviser Representative	Restricted Approval	02/27/1997
B	Utah	Agent	Approved	11/21/2018
B	Vermont	Agent	Approved	08/25/2021
B	Virginia	Agent	Approved	03/20/2002
B	Washington	Agent	Approved	05/12/2021
B	West Virginia	Agent	Approved	01/09/2019
B	Wisconsin	Agent	Approved	01/26/2012
B	Wyoming	Agent	Approved	02/11/2013

### Branch Office Locations

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**  
 101 E KENNEDY BLVD  
 PBIG - FLORIDA PWM TAMPA  
 TAMPA, FL 33602

## Broker Qualifications



### Employment 1 of 1, continued

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## 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 0 principal/supervisory exams, 2 general industry/product exams, and 2 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

### General Industry/Product Exams

Exam	Category	Date
<b>B</b> Securities Industry Essentials Examination	SIE	10/01/2018
<b>B</b> General Securities Representative Examination	Series 7	10/19/1985

### State Securities Law Exams

Exam	Category	Date
<b>IA</b> Uniform Investment Adviser Law Examination	Series 65	03/17/1995
<b>B</b> Uniform Securities Agent State Law Examination	Series 63	11/19/1985

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/](http://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 firms:

Registration Dates	Firm Name	CRD#	Branch Location
No information reported.			

### 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
11/2009 - Present	BANK OF AMERICA, N.A.	PRIVATE WEALTH ADVISOR	Y	TAMPA, FL, United States
08/1985 - Present	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	PRIVATE WEALTH ADVISOR	Y	TAMPA, FL, United States

### 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.

I\*517090  
 Entity For Profit  
 Name of outside business : academy of the Holy names High school  
 Investment related: Y  
 Address of business: tampa, florida, 33629  
 Nature of business: ["Corporation"]  
 Position: ["Committee"], [{"Investment committee"}]  
 Start date of relationship: 9/1/2021  
 Number of hours : 4 hour(s) Yearly  
 Number of hours during trading hours: 0  
 Duties: , non voting finance committee member. Just to use my expertise to review their current investments. No voting or decision making.

I\*394929  
 For profit or not for profit:  
 Name of outside business: BCBG capital



## Registration and Employment History

### Other Business Activities, continued

Investment related: N

Address of business: tampa, Florida, 33602

Nature of business:

Position: ,

Start date of relationship:

Number of hours : hour(s)

Number of hours during trading hours:

Duties: , Michael and 3 other individuals will be purchasing a plane and holding the asset under an LLC. LLC has yet to be created.

I\*30625

For-Profit Organization

Name of outside business : fmb llc

Investment related: N

Address of business:

tampa, Florida 33629

Nature of business: Limited Partnership,

Position: Limited Partner,

Start date of relationship: 12:00:00 AM

Number of hours : 1 hour(s) Monthly

Number of hours during trading hours: 0

Duties: owner

I\*30626

For-Profit Organization

Name of outside business : macavo llc

Investment related: N

Address of business:

tampa, Florida 33629

Nature of business: LLC,LLC

Position: Owner,

Start date of relationship: 12:00:00 AM

Number of hours : 0 hour(s) Monthly

Number of hours during trading hours: 0

Duties: none

(3) FOR-PROFIT ORGANIZATION

NAME OF OUTSIDE BUSINESS : HORSE OWNERSHIP

INVESTMENT RELATED: N

ADDRESS OF BUSINESS:

TAMPA, FLORIDA 33629

NATURE OF BUSINESS: OTHER,PERSONAL OWNERSHIP

POSITION: OWNER,



## Registration and Employment History

### Other Business Activities, continued

START DATE OF RELATIONSHIP: 11/23/2010  
 NUMBER OF HOURS : 0 HOUR(S) ANNUALLY  
 NUMBER OF HOURS DURING TRADING HOURS: 0  
 DUTIES: 50% OWNER OF A HORSE-NO RESPONSABILITES OR DUTIES

I\*137098

For-Profit Organization  
 Name of outside business : Kokora LLC  
 Investment related: Y  
 Address of business:  
 tampa, Florida 33629  
 Nature of business: LLC,  
 Position: Owner,  
 Start date of relationship: 4/5/2021  
 Number of hours : 0 hour(s) Annually  
 Number of hours during trading hours: 0  
 Duties: single purpose LLC to make investment in a hotel

I\*137721

For-Profit Organization  
 Name of outside business : Caamvo  
 Investment related: Y  
 Address of business:  
 Tampa, Florida 33629  
 Nature of business: LLC,  
 Position: Family Held,  
 Start date of relationship: 5/1/2021  
 Number of hours : 5 hour(s) Annually  
 Number of hours during trading hours: 0  
 Duties: LLC single purpose for real estate

I\*138112

For profit or not for profit: For-Profit Organization  
 Name of outside business : Barcelona Operations LLC  
 Investment related: Y  
 Address of business:  
 Tampa, Florida 33629  
 Nature of business: LLC,  
 Position, title, association: Family Held,  
 Start date of relationship: 5/21/2021  
 Number of hours : 2 hour(s) Quarterly  
 Number of hours during trading hours: 0  
 Duties: personal family LLC that owns a property



## Registration and Employment History

### Other Business Activities, continued

I\*1093259

Entity For Profit

Name of outside business : Down the Stretch

Investment related: N

Address of business: Tampa, Florida

Nature of business: ["Limited Liability Company"]

Position: ["Owner"],

Start date of relationship: 9/2/2022

Number of hours : 1 hour(s) Yearly

Number of hours during trading hours: 0

Duties: Family Investment Vehicle

I\*1474268

For profit or not for profit: Entity For Profit

Name of outside business organization: Five Queens LLC

Investment related: Y

Address of business: Tampa, Florida, 33629, United States

Nature of business: ["Limited Liability Company"]

Position, title, association: ["General Partner/Managing Member"],

Start date of relationship: 10/29/2021

Number of hours devoted: 0 hour(s) Yearly

Number of hours devoted during trading hours: 0

Duties: , The entity was set up for my family's future estate planning. In the future, I will be the manager of the entity. As of today, there has been no account opened or funded.

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## 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:**
  - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - 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.
  -
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - 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.
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4. **There are different statuses and dispositions for disclosure events:**
  - 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.
  - 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	13	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:** AMEX

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 11/06/1997

**Docket/Case Number:**

**Employing firm when activity occurred which led to the regulatory action:** MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

**Product Type:**

**Other Product Type(s):**

**Allegations:** The Exchange instituted a formal disciplinary proceeding against Michael Valdes ("Valdes"), a registered employee of Merrill Lynch, Pierce, Fenner & Smith, a regular member organization of the Exchange. A Stipulation of Facts and Consent to Penalty was subsequently entered into between the Exchange and Valdes and was accepted by an Exchange Disciplinary Panel at a hearing held on September 24, 1997. Valdes consented to a finding that he violated Exchange Rule



411 by recommending and implementing a trading strategy which was unsuitable for his customers' accounts based upon the customers' investment objectives, financial situations and needs, and ability to evaluate and bear the risks of the recommended transactions; and Exchange Rule 421(a) by exercising discretion in his customers' accounts without first obtaining written authorization from the customers.

**Current Status:**

Final

**Resolution:**

Stipulation and Consent

**Resolution Date:****Sanctions Ordered:**

Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:****Sanction Details:**

Valdes was censured, fined \$10,000, and required that he re-enter the Regulatory Element of the continuing education program for registered persons, as required by Exchange Rule 341A.

**Regulator Statement**

CONTACT: RITA NEWMAN (212) 306-1401

**Reporting Source:**

Broker

**Regulatory Action Initiated By:**

AMERICAN STOCK EXCHANGE

**Sanction(s) Sought:****Other Sanction(s) Sought:****Date Initiated:**

11/06/1997

**Docket/Case Number:****Employing firm when activity occurred which led to the regulatory action:**

MERRILL LYNCH, PIERCE, FENNER &amp; SMITH INCORPORATED

**Product Type:****Other Product Type(s):****Allegations:**

THE AMERICAN STOCK EXCHANGE (AMEX) PUBLICLY ANNOUNCED DISCIPLINARY ACTION PURSUANT TO A DECISION BY AN AMEX





DISCIPLINARY PANEL ENTERED ON OCTOBER 24, 1997, WHEREBY, WITHOUT ADMITTING OR DENYING, THE REGISTRANT CONSENTED TO A FINDING THAT HE VIOLATED AMEX RULES BY RECOMMENDING AND IMPLEMENTING IN 1991 AN UNSUITABLE TRADING STRATEGY FOR 3 CUSTOMER ACCOUNTS AND EXERCISED DISCRETION IN 1 SUCH ACCOUNT WITHOUT FIRST OBTAINING WRITTEN AUTHORIZATION.

**Current Status:**

Final

**Resolution:**

Stipulation and Consent

**Resolution Date:****Sanctions Ordered:**

Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:****Sanction Details:**

VALDES WAS CENSURED AND FINED \$10,000, AND REQUIRED THAT HE RE-ENTER THE REGULATORY ELEMENT OF THE CONTINUING EDUCATION PROGRAM FOR REGISTERED PERSONS, AS REQUIRED BY EXCHANGE RULE 341A.

**Broker Statement**

Not Provided



## 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 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:** MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

**Allegations:** NEGLIGENCE; MISREPRESENTATIONS/NON-DISCLOSURES; UNAUTHORIZED TRADING; SUITABILITY

**Product Type:** Other

**Other Product Type(s):** UNKNOWN TYPE OF SECURITIES

**Alleged Damages:** \$150,000.00

### Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** [NASD - CASE #02-03887](#)

**Date Notice/Process Served:** 06/27/2002

**Arbitration Pending?** No

**Disposition:** Award

**Disposition Date:** 11/24/2004

**Disposition Detail:** STIPULATED AWARD - THE PARTIES HAVE AMICABLY RESOLVED THEIR DIFFERENCES.

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH

**Allegations:** CLAIMANTS ALLEGED THAT RESPONDENTS RECOMMENDED AN UNSUITABLE TRADING STRATEGY GIVEN CLAIMANTS' STATED INVESTMENT OBJECTIVES AND THAT CLAIMANTS SUSTAINED LOSSES AS A RESULT OF RESPONDENTS' RECOMMENDATIONS.

**Product Type:** Equity-OTC



**Alleged Damages:** \$150,000.00

**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:** 04/02/2002

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 07/22/2002

**Settlement Amount:**

**Individual Contribution Amount:**

### Arbitration Information

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

**Docket/Case #:** [02-03887](#)

**Date Notice/Process Served:** 07/22/2002

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 02/29/2004

**Monetary Compensation Amount:** \$49,250.00

**Individual Contribution Amount:** \$0.00

**Broker Statement** BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. THE CUSTOMER SUSTAINED LOSSES THAT MIRRORED THE PERFORMANCE OF THE S&P 500 DURING THE SAME BEAR MARKET PERIOD (2000-01). MR. VALDES REGULARLY DISCUSSED WITH THE CUSTOMER THE RISKS OF INVESTING IN AND CONTINUING TO HOLD EQUITIES DURING THAT PERIOD. AFTER RECEIVING ADDITIONAL INFORMATION, THE CUSTOMERS WITHDREW ALL CLAIMS AGAINST MR.



VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY SETTLED THIS MATTER TO AVOID THE COST, TIME AND VAGARIES OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.



## Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

### Disclosure 1 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	MERRILL LYNCH, PIERCE, FENNER & SMITH INC.
<b>Allegations:</b>	CUSTOMERS ALLEGED UNSUITABLE INVESTMENTS IN THEIR ACCOUNTS. THE STATEMENT OF CLAIM ALSO CONTAINED ALLEGATIONS SOLELY AGAINST THE FIRM.
<b>Product Type:</b>	Equity-OTC
<b>Alleged Damages:</b>	\$500,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	NASD
<b>Docket/Case #:</b>	03-05816
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	08/28/2003

### Customer Complaint Information

<b>Date Complaint Received:</b>	08/28/2003
<b>Complaint Pending?</b>	No
<b>Status:</b>	Evolved into Arbitration/CFTC reparation (the individual is a named party)
<b>Status Date:</b>	08/28/2003
<b>Settlement Amount:</b>	

**Individual Contribution Amount:**

### Arbitration Information



<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	NASD
<b>Docket/Case #:</b>	03-05816
<b>Date Notice/Process Served:</b>	08/28/2003
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	09/19/2005
<b>Monetary Compensation Amount:</b>	\$100,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. IN 2000-01, THE CUSTOMERS DECIDED TO INVEST THEIR ACCOUNT IN BETTER PERFORMING EQUITIES, INCLUDING TECHNOLOGY STOCKS AND ENRON. THEY SOUGHT DAMAGES FROM MERRILL LYNCH AND MR. VALDES IN THE WAKE OF THE SUBSEQUENT MARKET DOWNTURN AND BEAR MARKET. AFTER RECEIVING ADDITIONAL INFORMATION, THE CUSTOMERS WITHDREW ALL CLAIMS AGAINST MR. VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY SETTLED THE MATTER TO AVOID THE COSTS, TIME AND VAGARIES OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.

#### Disclosure 2 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	MERRILL LYNCH PIERCE, FENNER & SMITH INC.
<b>Allegations:</b>	CLAIMANTS ALLEGE UNSUITABILITY WITH RESPECT TO RECOMMENDATIONS MADE BY THEIR FA AND THE CONCENTRATION MAINTAINED IN THEIR ACCOUNT.
<b>Product Type:</b>	Equity-OTC
<b>Alleged Damages:</b>	\$800,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	No



**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes

**Arbitration/Reparation forum  
or court name and location:** NASD

**Docket/Case #:** 03-04348

**Filing date of  
arbitration/CFTC reparation  
or civil litigation:** 07/01/2003

### Customer Complaint Information

**Date Complaint Received:** 07/01/2003

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 07/01/2003

**Settlement Amount:**

**Individual Contribution  
Amount:**

### Arbitration Information

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

**Docket/Case #:** 03-04348

**Date Notice/Process Served:** 07/01/2003

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 04/16/2004

**Monetary Compensation  
Amount:** \$120,000.00

**Individual Contribution  
Amount:** \$0.00

**Broker Statement** BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. THE MATTER WAS ONE OF SEVERAL COMPLAINTS BY CUSTOMERS WHO WORKED WITH EACH OTHER RELATING TO LOSSES FROM IPO STOCK THE CUSTOMERS RECEIVED WHEN THEIR EMPLOYER



WENT PUBLIC. THE CUSTOMERS DID NOT HEED MR. VALDES' RECOMMENDATION TO DIVERSIFY THEIR HOLDINGS. THE CUSTOMERS WITHDREW ALL COMPLAINTS AGAINST MR. VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY AGREED TO PAY CUSTOMERS TO AVOID THE FURTHER COSTS, TIME AND DISTRACTION OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.

### Disclosure 3 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	MERRILL LYNCH
<b>Allegations:</b>	CLAIMANT ALLEGES THAT HER FINANCIAL ADVISOR DID NOT DO ENOUGH TO ENCOURAGE HER TO DIVERSIFY HER PROTFOLIO THAT WAS INITIALLY CONCENTRATED IN ONE STOCK AND THEN LATER DISSUADED HER FROM SELLING ADDITIONAL SHARES OF THAT STOCK BECAUSE MERRILL LYNCH ANALYSTS RATED THE STOCK HIGHLY. CLAIMANT SEEKS DAMAGES BETWEEN \$250,000 AND \$400,000.
<b>Product Type:</b>	Equity-OTC
<b>Alleged Damages:</b>	\$250,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	NASD
<b>Docket/Case #:</b>	02-6462
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	11/11/2002

### Customer Complaint Information

<b>Date Complaint Received:</b>	11/11/2002
<b>Complaint Pending?</b>	No
<b>Status:</b>	Evolved into Arbitration/CFTC reparation (the individual is a named party)





**Status Date:** 11/11/2002

**Settlement Amount:**

**Individual Contribution Amount:**

### Arbitration Information

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

**Docket/Case #:** 02-6462

**Date Notice/Process Served:** 11/11/2002

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 02/11/2004

**Monetary Compensation Amount:** \$90,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement** BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. THE MATTER WAS ONE OF SEVERAL COMPLAINTS BY CUSTOMERS WHO WORKED WITH EACH OTHER RELATING TO LOSSES FROM IPO STOCK THE CUSTOMERS RECEIVED WHEN THEIR EMPLOYER WENT PUBLIC. THE CUSTOMER CONCEDED THAT MR. VALDES RECOMMENDED SHE REDUCE HER CONCENTRATED STOCK POSITION AND SHE DID NOT DO SO. THE CUSTOMER AGREED TO WITHDRAW HER CLAIM AGAINST MR. VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY SETTLED THE MATTER TO AVOID THE FURTHER COST, TIME AND DISTRACTION OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.

### Disclosure 4 of 9

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH

**Allegations:** CUSTOMERS ALLEGE "EXCESSIVE TRADING", THE PURCHASE OF



SECURITIES WHICH WERE UNSUITABLE AND TRANSACTIONS :BEING EFFECTED WITHOUT PERMISSION." CLAIMANT DEMANDS DAMAGES BETWEEN \$1,000,000 AND \$3,000,000.

**Product Type:** Equity-OTC

**Alleged Damages:** \$3,000,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** NYSE

**Docket/Case #:** 2002-010108

**Filing date of arbitration/CFTC reparation or civil litigation:** 04/18/2002

### Customer Complaint Information

**Date Complaint Received:** 04/18/2002

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 04/18/2002

**Settlement Amount:**

**Individual Contribution Amount:**

### Arbitration Information

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

**Docket/Case #:** 2002-010108

**Date Notice/Process Served:** 04/18/2002

**Arbitration Pending?** No

**Disposition:** Settled



<b>Disposition Date:</b>	10/09/2003
<b>Monetary Compensation Amount:</b>	\$400,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	<p>BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. IN DENYING THE ALLEGATIONS, MERRILL LYNCH AND MR. VALDES SPECIFICALLY STATED THAT THE SOLICITED INVESTMENTS WERE DISCUSSED BEFOREHAND; A SUBSTANTIAL MAJORITY OF THE TRADES WERE UNSOLICITED; A NUMBER OF THE UNSOLICITED TRADES WERE MADE IN COMPANIES NOT FOLLOWED BY MERRILL LYNCH; AND THE ULTIMATE CUSTOMERS WERE EXPERIENCED INVESTORS WHO HAD AUTHORITY TO TRADE ON THE ACCOUNT(S), EXERCISED FULL CONTROL OVER THE ACCOUNT(S) AND CONDUCTED THE TRADING ACTIVITY PURSUANT TO THEIR OWN AGGRESSIVE SHORT TERM TRADING STRATEGY. AFTER RECEIVING ADDITIONAL INFORMATION, THE CUSTOMERS WITHDREW ALL COMPLAINTS AGAINST MR. VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY SETTLED THE MATTER TO AVOID THE COST, TIME AND VAGARIES OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.</p>

#### Disclosure 5 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	MERRILL LYNCH
<b>Allegations:</b>	<p>STATEMENT OF CLAIM ("SOC") ACKNOWLEDGES THAT CUSTOMER'S PORTFOLIO WAS ALREADY CONCENTRATED IN A SPECIFIC STOCK AND MARGINED WHEN HE TRANSFERRED HIS ACCOUNT TO MERRILL LYNCH, AND THAT VALDES RECOMMENDED SELLING THAT STOCK TO REDUCE MARGIN EXPOSURE. SOC ALLEGES THAT WHEN THE CUSTOMER REJECTED THE SUGGESTION TO SELL, THREE PURCHASE TRANSACTIONS IN OTHER SECURITIES WERE SOLICITED USING MARGIN TO INCREASE RISK. SOC ALSO ALLEGES FLAWED RESEARCH LED CUSTOMER TO HOLD THE STOCK POSITION.</p>
<b>Product Type:</b>	Equity-OTC
<b>Alleged Damages:</b>	\$900,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes



**Is this an arbitration/CFTC reparation or civil litigation?** No

### Customer Complaint Information

**Date Complaint Received:** 09/07/2001

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 12/29/2001

**Settlement Amount:**

**Individual Contribution Amount:**

### Arbitration Information

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

**Docket/Case #:** 01-06805

**Date Notice/Process Served:** 12/29/2001

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 12/13/2002

**Monetary Compensation Amount:** \$95,000.00

**Individual Contribution Amount:** \$0.00

### Broker Statement

BOTH MERRILL LYNCH AND MR. VALDES DENIED ANY LIABILITY IN THIS MATTER. THE MATTER WAS ONE OF SEVERAL COMPLAINTS BY CUSTOMERS WHO WORKED WITH EACH OTHER RELATING TO LOSSES FROM IPO STOCK THE CUSTOMERS RECEIVED WHEN THEIR EMPLOYER WENT PUBLIC. THE CUSTOMER REFUSED TO DIVERSIFY HIS POSITION AND BLAMED MERRILL LYNCH AND MR. VALDES FOR HIS LOSSES. THE CUSTOMER AGREED TO WITHDRAW HIS CLAIM AGAINST MR. VALDES WITH PREJUDICE. MERRILL LYNCH ULTIMATELY SETTLED THE MATTER TO AVOID THE FURTHER COST, TIME AND DISTRACTION OF ARBITRATION, WITHOUT ANY ADMISSION OF LIABILITY.



#### Disclosure 6 of 9

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH

**Allegations:** CUSTOMER ALLEGES THAT MR. VALDES SHORTED CERTAIN STOCKS WITHOUT HIS AUTHORIZATION. NO DAMAGES ARE SPECIFIED. THIS OCCURRED AT MERRILL LYNCH.

**Product Type:**

**Alleged Damages:**

#### Customer Complaint Information

**Date Complaint Received:** 01/20/1999

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 04/16/1999

**Settlement Amount:** \$28,728.00

**Individual Contribution Amount:**

**Broker Statement** THE TRADES IN QUESTION WERE REVERSED AS A BUSINESS DECISION AT A COST OF \$28,728. THE CLIENT IS ACTUALLY DISAPPOINTED IN THE STOCKS MR VALDES RECOMMENDED HE SHORT SELL. ALL TRADES WERE DONE BY MR. VALDES WITH CLIENT'S FULL KNOWLEDGE AND AUTHORIZATION. ON THE SAME DAY IN QUESTION CLIENT ALSO DID TAX LOSS SELLING WHICH THE CLIENT HAS NOT RAISED ANY ISSUE WITH.

#### Disclosure 7 of 9

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

**Allegations:** CLAIMANT ALLEGED THAT HIS ACCOUNT WAS



INVESTED IN STOCKS THAT WERE TOO RISKY CAUSING A SUBSTANTIAL DECLINE IN THE VALUE OF HIS ACCOUNT BETWEEN JANUARY 1991 AND MARCH 1992 AND SOUGHT \$31,000 IN COMPENSATORY DAMAGES PLUS UNSPECIFIED COMMISSIONS, LOST TIME VALUE OF MONEY AS WELL AS UNSPECIFIED ATTORNEY'S FEES AND COSTS. THIS OCCURRED AT MERRILL LYNCH.

**Product Type:**

**Alleged Damages:**

## **Customer Complaint Information**

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Arbitration/Reparation

**Status Date:**

**Settlement Amount:**

**Individual Contribution Amount:**

## **Arbitration Information**

**Arbitration/Reparation Claim filed with and Docket/Case No.:** American Stock Exchange

**Date Notice/Process Served:** 04/14/1997

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 05/20/1998

**Monetary Compensation Amount:** \$22,500.00

**Individual Contribution Amount:**

**Broker Statement** \$22,500

THIS MATTER WAS SETTLED TO AVOID THE TIME, EXPENSE AND UNCERTAINTY OF LITIGATION. REGISTRANT WANTS TO MAKE IT CLEAR THAT MERRILL LYNCH WAS SUED NOT THE REGISTRANT. MERRILL LYNCH MADE A BUSINESS DECISION TO SETTLE THIS ARBITRATION IN ORDER TO AVOID ANY FURTHER EXPENSES ASSOCIATED WITH THIS LITIGATION.



## Disclosure 8 of 9

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** CHURNING, UNAUTHORIZED TRADING, DAMAGES IN EXCESS OF \$60,000 ALLEGED.

**Product Type:**

**Alleged Damages:**

## Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Arbitration/Reparation

**Status Date:**

**Settlement Amount:**

**Individual Contribution Amount:**

## Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** Philadelphia Stock Exchange; 93-24

**Date Notice/Process Served:** 12/10/1993

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 09/14/1994

**Monetary Compensation Amount:** \$67,500.00

**Individual Contribution Amount:**

**Broker Statement** THIS MATTER WAS SETTLED FOR \$67,500.  
THE SETTLEMENT WAS REACHED IN ORDER TO AVOID THE  
UNCERTAINTY AND EXPENSE OF PROTRACTED LITIGATION.



### Disclosure 9 of 9

**Reporting Source:** Regulator

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

**Allegations:** SUITABILITY; CHURNING; UNAUTHORIZED TRADING

**Product Type:** Other

**Other Product Type(s):** COMMON STOCKS

**Alleged Damages:** \$200,000.00

### Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** NASD - CASE #93-00968

**Date Notice/Process Served:** 03/22/1993

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 01/25/1994

**Disposition Detail:** CASE SETTLED.

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

**Allegations:** CLAIMS OF CHURNING, UNSUITABILITY AND UNAUTHORIZED TRADING ARE ALLEGED AND THE CUSTOMER SEEKS \$255,440 IN DAMAGES.

**Product Type:**

**Alleged Damages:** \$255,440.00

### Customer Complaint Information

**Date Complaint Received:**





<b>Complaint Pending?</b>	No
<b>Status:</b>	Arbitration/Reparation
<b>Status Date:</b>	
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	
<b>Arbitration Information</b>	
<b>Arbitration/Reparation Claim filed with and Docket/Case No.:</b>	National Association of Securities Dealers, Inc.; 93-00968
<b>Date Notice/Process Served:</b>	03/22/1993
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	11/02/1993
<b>Monetary Compensation Amount:</b>	\$145,000.00
<b>Individual Contribution Amount:</b>	
<b>Broker Statement</b>	CASE SETTLED FOR \$145,000. ALL CHARGES OF WRONGDOING AND LIABILITY AND ALL CLAIMS FOR DAMAGES ARE DENIED. CASE SETTLED TO AVOID THE UNCERTAINTIES AND EXPENSES OF LITIGATION.



## 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 3

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

**Allegations:** THE CUSTOMER ALLEGES MISREPRESENTATION REGARDING AN INVESTMENT PURCHASED IN JUNE 2008. COMPENSATORY DAMAGES ARE NOT SPECIFIED.

**Product Type:** Debt-Corporate

**Alleged Damages:** \$0.00

**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:** 09/15/2010

**Complaint Pending?** No

**Status:** Denied

**Status Date:** 09/28/2010

**Settlement Amount:**

**Individual Contribution Amount:**

### Disclosure 2 of 3

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH, PIERCE, FENNER, & SMITH, INC.



**Allegations:** CLIENT ALLEGES THAT FINANCIAL ADVISOR MADE UNSUITABLE INVESTMENT RECOMMENDATIONS AND UNAUTHORIZED TRADES.

**Product Type:** Equity Listed (Common & Preferred Stock)

**Alleged Damages:** \$500,000.00

### Customer Complaint Information

**Date Complaint Received:** 12/27/2006

**Complaint Pending?** No

**Status:** Denied

**Status Date:** 04/04/2007

**Settlement Amount:**

**Individual Contribution Amount:**

### Disclosure 3 of 3

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** MERRILL LYNCH

**Allegations:** CUSTOMERS ALLEGE THAT FINANCIAL ADVISOR MADE UNSUITABLE INVESTMETN RECOMENDATIONS. NO SPECIFIC DAMAGE IS ALLEGED.

**Product Type:** Equity - OTC

**Alleged Damages:** \$0.00

### Customer Complaint Information

**Date Complaint Received:** 07/26/2001

**Complaint Pending?** No

**Status:** Closed/No Action

**Status Date:** 01/07/2005

**Settlement Amount:**

**Individual Contribution Amount:**

**Broker Statement** MERRILL YNCH AND FINANCIAL ADVISOR DENY THE ALLEGATION.



CLAIM WAS DENIED AND NO FURTHER ACTION TAKEN BY THE CUSTOMER.

## End of Report



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