

BrokerCheck Report

JOHN PAUL SCHWAN

CRD# 1421895

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	5 - 6
Disclosure Events	7



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



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.

JOHN P. SCHWAN

CRD# 1421895

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:

- 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):

- B KOVACK SECURITIES INC.**
CRD# 44848
ABERDEEN, SD
07/2010 - 08/2022
- B CAMBRIDGE INVESTMENT RESEARCH, INC.**
CRD# 39543
ABERDEEN, SD
09/2005 - 08/2010
- B CAP PRO BROKERAGE SERVICES, INC.**
CRD# 103953
COLUMBUS, OH
03/2001 - 09/2005

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	4
Termination	1

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 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 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 Securities Industry Essentials Examination	SIE	10/01/2018
B Investment Company Products/Variable Contracts Representative Examination	Series 6	03/25/1986

State Securities Law Exams

Exam	Category	Date
IA Uniform Investment Adviser Law Examination	Series 65	07/10/2002
B Uniform Securities Agent State Law Examination	Series 63	07/20/1992

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 firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 07/2010 - 08/2022	KOVACK SECURITIES INC.	44848	ABERDEEN, SD
B 09/2005 - 08/2010	CAMBRIDGE INVESTMENT RESEARCH, INC.	39543	ABERDEEN, SD
B 03/2001 - 09/2005	CAP PRO BROKERAGE SERVICES, INC.	103953	COLUMBUS, OH
B 07/1995 - 03/2001	FFP SECURITIES, INC.	16337	CHESTERFIELD, MO
B 03/1986 - 07/1995	NYLIFE SECURITIES INC.	5167	NEW YORK, NY

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
07/2010 - Present	KOVACK SECURITIES, INC.	INVESTMENT REPRESENTATIVE	Y	FORT LAUDERDALE, FL, United States
05/2004 - Present	SCHWAN FINANCIAL ADVISORS, LLC	IA REP	Y	ABERDEEN, SC, United States
12/2003 - Present	SCHWAN FINANCIAL GROUP	PRESIDENT	Y	ABERDEEN, SD, United States
08/1984 - Present	N.Y. LIFE INS. CO.	FIELD UNDERWRITER	N	SIOUX FALLS, SD, 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.

1)SCHWAN FINANCIAL GROUP, LLC - DBA - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, PRESIDENT/52% OWNER, 95% OF TIME SPENT, ESTATE AND FINANCIAL PLANNING, INVESTMENT ADVISORY, OVERALL MANAGEMENT, INSURANCE, AND PLANNING DESIGN,



Registration and Employment History

Other Business Activities, continued

COMPENSATED BY SALARY AND PROFITS; ENTITIES OF SCHWAN FINANCIAL GROUP LLC: SCHWAN FINANCIAL ADVISORS, LLC - RIA, ESTATE AND FINANCIAL PLANNING FEES, PRESIDENT, COMPENSATED THROUGH SCHWAN FINANCIAL GROUP; SCHWAN FINANCIAL AGENCY, LLC - FIXED INSURANCE AGENCY, PRESIDENT, COMPENSATED THROUGH SCHWAN FINANCIAL GROUP.

2) SCHWAN FINANCIAL REAL ESTATE - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, MEMBER AND 52% OWNER, REAL ESTATE, OFFICE BUILDING USED FOR BUSINESS, COLLECT RENT, 2HRS SPENT PER YEAR, COMPENSATED BY RENT REVENUE.

3) FARMERS STATE BANK - BOARD MEMBER, 2HRS SPENT PER MONTH, COMPENSATED BY FLAT BOARD MEMBER FEE.

4) SCHWAN FAMILY LP - 1320 NORTH ARCH STREET, ABERDEEN, SD 57401, OWNS FARMLAND, COLLECT RENT, LESS THAN 1% OF TIME SPENT, COMPENSATED BY RENTAL INCOME.

5) DIE KINDER, LLC - 24 5TH AVENUE, SE, ABERDEEN, SD 57401, OWNS REAL ESTATE - APARTMENTS, MEMBER, 0% TIME SPENT, \$0 COMPENSATION RECEIVED.

6) ARE, INC. - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, FIXED INSURANCE AND LTC COMMISSIONS TRAILS, PRESIDENT, LESS THAN 1% OF TIME SPENT, COMPENSATED BY COMMISSIONS.

7) SD AVIATION, LLC - 401 VIVIAN STREET SOUTH, ABERDEEN 57401, OWNER, OWNS AND OPERATES AIRCRAFT, 0% OF TIME SPENT, \$0 COMPENSATION.

8) THE WAKESIDE BAR AND GRILL - FOOD AND SERVICE BAR, MEMBER, INVESTOR, NOTE HOLDER, 1% OF TIME SPENT, COMPENSATION THROUGH FUTURE PURCHASE OF BUSINESS.

9) JONATHAN HIND FINANCIAL GROUP, INC. - 4760 WHITE BEAR PARKWAY, SUITE 100, ST. PAUL, MN 55110, FIXED INSURANCE BROKERAGE, INDEPENDENT AGENT, LESS THAN 1% OF TIME SPENT.

10) FUTURETRON, LLC - 12702 406TH AVENUE, GROTON, SD 57445, BOARD MEMBER/ADVISOR, AGRICULTURE RELATED BUSINESS, START UP BUSINESS, 2% OF TIME SPENT.

11) DYNAMIC FOOD INGREDIENTS CORP. - 15 BROADWAY NORTH, SUITE 500M FORGO, ND 58102; USES GREEN TECHNOLOGY TO DISCOVER AND DEVELOP SWEETENERS FOR THE FOOD AND BEVERAGE INDUSTRY; NON INVESTMENT RELATED; BOARD MEMBER; SERVE ON THE BOARD; 1% OF TIME SPENT

12) DART-THE DOWNTOWN ABERDEEN REVITALIZATION TEAM - 103 S MAIN STREET, ABERDEEN, SD 57401; REVITALIZE DOWNTOWN; SHAREHOLDER/INVESTOR; NO DUTIES; 0% OF TIME SPENT

13) SFG ACCOUNTING, PLLC - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401; TAX PREPARATION AND ACCOUNTING; NON-INVESTMENT RELATED; NO POSITION; NO DUTIES ON TAX SIDE ; 0% OF TIME SPENT

14) ACME, LLC STANDARD ETHANOL NEBRASKA - 1900 EAST STATE SARM ROAD PO BOX 1655, NORTH PLATTE, NE 69103; MANUFACTURES ETHANOL; INVESTMENT-RELATED; PASSIVE INVESTOR; NO DUTIES; LESS THAN 1% OF TIME SPENT

15) OBELE OIL CORP - 1485 WEST STATE ROUTE 89-A, SUITE 5; SEDONA, AZ 86336; CRUDE OIL AND NATURAL GAS INDUSTRY; PASSIVE INVESTOR; NO DUTIES; LESS THAN 1% OF TIME SPENT

16) MILLER ATHLETIC GOODS CO. INC - 3315 #58 6TH AVE SE ABERDEEN, SD 57401; SHOW BUSINESS; OWNER; NON-INVESTMENT RELATED; 2% OF TIME SPENT

17) ARTHUR VENTURES OPPORTUNITY FUND - 102 BROADWAY, SUITE 203, FARGO, ND 58102 - VENTURE CAPITAL; INVESTMENT RELATED; PASSIVE INVESTOR; 0% OF TIME SPENT

18) NYLARC HOLDING COMPANY, INC. - 51 MADISON AVENUE, NEW YORK, NY 10010; REINSURING LIFE INSURANCE WRITTEN WITH NEW YORK LIFE; OFFICER & DIRECTOR, ON BOARD WHICH MANAGES COMPANY; NON INVESTMENT RELATED; LESS THAN 1% OF TIME SPENT

19) WIDESPREAD WIRELESS LLC - 4450 OLD CANTON ROAD, SUITE 207, JACKSON, MS 39211; PASSIVE INVESTMENT; SG AIRSPACE; LIMITED PARTNER; INVESTMENT RELATED BUSINESS; PASSIVE INVESTOR; LESS THAN 1% OF TIME SPENT

20) LINN GROVE DAKOTA 5, LP - 1201 MARQUETTE AVENUE, SUITE 350, MINNEAPOLIS, MN 55403; INVESTMENT RELATED; PRIVATE SECURITIES INVESTMENT; PASSIVE INVESTOR; LESS THAN 1% OF TIME SPENT.

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.
 -
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	4	0
Termination	N/A	1	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 4

Reporting Source:	Broker
Regulatory Action Initiated By:	California Department of Insurance
Sanction(s) Sought:	Suspension
Date Initiated:	10/03/2016
Docket/Case Number:	PLBS 10484-A
Employing firm when activity occurred which led to the regulatory action:	Cambridge Investment Research, LLC
Product Type:	No Product
Allegations:	Participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from his prior Firm, and engaged in outside business activities for compensation without providing prompt written notice to his prior Firm.
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: 10/03/2016

Sanctions Ordered: Suspension

Sanction 1 of 1

Sanction Type: Suspension

Capacities Affected: California Insurance licensing rights

Duration: 4 weeks

Start Date: 10/31/2016

End Date: 11/27/2016

Broker Statement

Without admitting or denying any of FINRA's findings, I entered into a letter of Acceptance, Waiver and Consent on November 25, 2015 relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing. I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.

Disclosure 2 of 4

Reporting Source: Broker

Regulatory Action Initiated By: South Dakota Division of Securities

Sanction(s) Sought: Other: fine

Date Initiated: 03/24/2016

Docket/Case Number: none

Employing firm when activity occurred which led to the regulatory action: Cambridge Investment Research, Inc.

Product Type: Oil & Gas



Promissory Note

Allegations:	Participation in private securities transactions, not for compensation. Undisclosed outside business activities.
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?	No
Resolution Date:	04/27/2016
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s)
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$4,000.00
Portion Levied against individual:	\$4,000.00
Payment Plan:	n/a
Is Payment Plan Current:	
Date Paid by individual:	04/22/2016
Was any portion of penalty waived?	No
Amount Waived:	
Broker Statement	<p>Without admitting or denying any of the findings of FINRA or the South Dakota Division of Securities, , I entered into a Consent Order relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing.</p> <p>I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.</p>



Disclosure 3 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought:

Date Initiated: 02/17/2016

Docket/Case Number: 2010023826303

Employing firm when activity occurred which led to the regulatory action: Cambridge Investment Research, Inc.

Product Type: No Product

Allegations: Without admitting or denying the findings, Schwan consented to the sanctions and to the entry of findings that he participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from his member firm. The findings stated that though Schwan did not receive compensation from a limited partnership formed for the purpose of generating oil and gas investments, he requested that a fellow firm representative introduce two firm customers, a married couple, to the limited partnership and facilitate their investment in the limited partnership to the extent that the customers believed their investment was made through Schwan's company, doing business as the firm, of which the customers understood to be a firm branch office. The investment was made directly with the limited partnership and did not appear on the customers' statement. However, the emails to the customers regarding the limited partnership stated the securities were offered through the firm. Schwan introduced other individuals, one of them being a firm customer, to another limited partnership and facilitated their investment by providing subscription documents. Schwan did not received compensation from this limited partnership. Schwan also invested in the offering of notes of an insurance company and instructed the other representative to provide information about the notes to individuals, some of them being firm customers. The findings also stated that Schwan participated in outside business activities for compensation, without seeking the firm's permission or obtaining the requisite prior approval. Schwan served on the board of directors for a bank and was an owner of a bar and grill.

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?	No
Resolution Date:	02/17/2016
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Suspension Other: Fine paid in full on February 29, 2015.
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 capacity
Duration:	two months
Start Date:	03/21/2016
End Date:	05/20/2016

**Monetary Sanction 1 of 1****Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)**Total Amount:** \$20,000.00**Portion Levied against individual:** \$20,000.00**Payment Plan:****Is Payment Plan Current:** Yes**Date Paid by individual:** 02/29/2016**Was any portion of penalty waived?** No**Amount Waived:****Reporting Source:** Broker**Regulatory Action Initiated By:** FINRA**Sanction(s) Sought:****Date Initiated:** 02/17/2016**Docket/Case Number:** 2010023826303**Employing firm when activity occurred which led to the regulatory action:** Cambridge Investment Research, Inc.**Product Type:** No Product

Allegations: Without admitting or denying the findings, I consented to the sanctions and to the entry of findings that I participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from my member firm. The findings stated that though I did not receive compensation from a limited partnership formed for the purpose of generating oil and gas investments, I requested that a fellow firm representative introduce two firm customers, a married couple, to the limited partnership and facilitate their investment in the limited partnership to the extent that the customers believed their investment was made through my company, doing business as the firm, of which the customers understood to be a firm branch office. The investment was made directly with the limited partnership and did not appear on the customers' statement. However, the emails to the customers regarding the limited partnership



stated the securities were offered through the firm. I introduced other individuals, one of them being a firm customer, to another limited partnership and facilitated their investment by providing subscription documents. I did not receive compensation from this limited partnership. I also invested in the offering of notes of an insurance company and instructed the other representative to provide information about the notes to individuals, some of them being firm customers. The findings also stated that I participated in outside business activities for compensation, without seeking the firm's permission or obtaining the requisite prior approval. I served on the board of directors for a bank and was an owner of a bar and grill.

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?	No
Resolution Date:	02/17/2016
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Suspension Other: Fine paid in full on February 29, 2015.
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	Any Capacity
Duration:	two months
Start Date:	03/21/2016
End Date:	05/20/2016
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$20,000.00
Portion Levied against individual:	\$20,000.00
Payment Plan:	
Is Payment Plan Current:	Yes



Date Paid by individual: 02/29/2016

Was any portion of penalty waived? No

Amount Waived:

Broker Statement Without admitting or denying any of FINRA's findings, I entered into a letter of Acceptance, Waiver and Consent on November 25, 2015 relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing.
I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.

Disclosure 4 of 4

Reporting Source: Broker

Regulatory Action Initiated By: STATE OF SOUTH DAKOTA, INSURANCE DEPARTMENT

Sanction(s) Sought: Other

Other Sanction(s) Sought:

Date Initiated: 09/01/1985

Docket/Case Number: UNKNOWN

Employing firm when activity occurred which led to the regulatory action: NEW YORK LIFE INSURANCE COMPANY

Product Type: Insurance

Other Product Type(s):

Allegations: FAILURE TO DELIVER ALL REQUIREMENTS ASSOCIATED WITH A LIFE POLICY

Current Status: Final

Resolution: Decision

Resolution Date: 01/01/1986

Sanctions Ordered: Monetary/Fine \$300.00



Other Sanctions Ordered:

Sanction Details:

I WAS FINED \$300 ON DELIVERY OF REQUIREMENTS.
CASE WAS THROWN OUT BY THE JUDGE AND CLASS ACTION AGAINST
NEW
YORK LIFE.

Broker Statement

THE INDIVIDUAL INVOLVED WAS ATTEMPTING TO SET ME
UP THRU TAPE RECORDINGS, ETC. HE HAS A HISTORY OF THIS TYPE OF
THING. THE INS DEPT WAS VERY GOOD TO ME & IMPOSED A MINIMUM
FINE AGAINST ME ON A SEPARATE CHARGE



Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

Disclosure 1 of 1

Reporting Source:	Firm
Employer Name:	CAMBRIDGE INVESTMENT RESEARCH
Termination Type:	Discharged
Termination Date:	07/14/2010
Allegations:	OUTSIDE BUSINESS ACTIVITIES
Product Type:	No Product
Firm Statement	DID NOT NOTIFY FIRM OF ALL OUTSIDE BUSINESS ACTIVITIES.

Reporting Source:	Broker
Employer Name:	CAMBRIDGE INVESTMENT RESEARCH
Termination Type:	Discharged
Termination Date:	07/14/2010
Allegations:	OUTSIDE BUSINESS ACTIVITIES
Product Type:	No Product
Broker Statement	DURING MY TENURE WITH CAMBRIDGE, I HAD THE OPPORTUNITY AND IN FACT DID PARTICIPATE IN SEVERAL OUTSIDE BUSINESS ACTIVITY INVESTMENTS, TYPICALLY WITH FAMILY AND CLOSE FRIENDS. THESE INVESTMENTS INCLUDED AN INVESTMENT IN APARTMENT BUILDINGS, A RESTAURANT AND SOME FAST FOOD FRANCHISES. AS A LICENSED FINANCIAL ADVISOR, INDUSTRY RULES REQUIRE THAT I PROVIDE NOTIFICATION TO MY FIRM OF SUCH ACTIVITIES AND I DID SO FOR MOST OF OTHER INVESTMENTS. HOWEVER IN SMALL NUMBER OF INSTANCES I DID NOT PROVIDE NOTICE. AS A RESULT, CAMBRIDGE FOLLOWED INDUSTRY RULES AND WAS REQUIRED TO RELEASE MY REGISTRATION.

End of Report



This page is intentionally left blank.