

BrokerCheck Report

EDUARDO GUILLERMO DIAZ

CRD# 1621873

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



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.

EDUARDO G. DIAZ

CRD# 1621873

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:

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

Registration History

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

- B KOVACK SECURITIES INC.**
CRD# 44848
FT. LAUDERDALE, FL
12/2012 - 01/2013
- B NEXT FINANCIAL GROUP, INC.**
CRD# 46214
BILOXI, MS
12/2008 - 11/2012
- B AIG FINANCIAL ADVISORS, INC.**
CRD# 133763
BILOXI, MS
10/2005 - 12/2008

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	4
Criminal	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), 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 2 principal/supervisory exams, 1 general industry/product exam, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
B Municipal Fund Securities Principal Examination	Series 51	06/01/2004
B General Securities Principal Examination	Series 24	04/22/1999

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	02/21/1987

State Securities Law Exams

Exam	Category	Date
IA Uniform Investment Adviser Law Examination	Series 65	01/09/1999
B Uniform Securities Agent State Law Examination	Series 63	11/14/1988

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 12/2012 - 01/2013	KOVACK SECURITIES INC.	44848	FT. LAUDERDALE, FL
B 12/2008 - 11/2012	NEXT FINANCIAL GROUP, INC.	46214	BILOXI, MS
B 10/2005 - 12/2008	AIG FINANCIAL ADVISORS, INC.	133763	BILOXI, MS
B 06/1993 - 10/2005	SUNAMERICA SECURITIES, INC.	20068	PHOENIX, AZ
B 02/1987 - 07/1993	AMERICAN EXPRESS FINANCIAL ADVISORS INC.	6363	MINNEAPOLIS, MN

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
02/2013 - Present	DIAZ RETIREMENT CONSULTANTS	INVESTMENT ADVISER	Y	OCEAN SPRINGS, MS, 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	4	0
Criminal	1	0



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 4

Reporting Source:	Regulator
Regulatory Action Initiated By:	Mississippi
Sanction(s) Sought:	Cease and Desist Civil and Administrative Penalty(ies)/Fine(s) Disgorgement
Date Initiated:	12/10/2018
Docket/Case Number:	LS-18-3005
URL for Regulatory Action:	http://www.sos.ms.gov/ConsentAgreementsFinalOrders/C%20and%20D%20signed.pdf
Employing firm when activity occurred which led to the regulatory action:	Unemployed
Product Type:	Other: Private Investment Fund
Allegations:	Between 2014-2016, Mr. Diaz was barred from all activities by FINRA and the SEC, and also indicted on charges of mail and wire fraud. After his bar, he continued to meet with and give investment advice to a previous client. He convinced said client to invest in a private fund. From the time he was barred in 2014, Mr. Diaz received \$324,053.28 in commissions for recommendations to the private fund.
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:	12/10/2018
Sanctions Ordered:	Cease and Desist Civil and Administrative Penalty(ies)/Fine(s) Disgorgement
Monetary Sanction 1 of 2	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$15,000.00
Portion Levied against individual:	\$15,000.00
Payment Plan:	
Is Payment Plan Current:	
Date Paid by individual:	
Was any portion of penalty waived?	No
Amount Waived:	
Monetary Sanction 2 of 2	
Monetary Related Sanction:	Disgorgement
Total Amount:	\$324,053.28
Portion Levied against individual:	\$324,053.28
Payment Plan:	
Is Payment Plan Current:	
Date Paid by individual:	
Was any portion of penalty waived?	No
Amount Waived:	



Disclosure 2 of 4

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	09/07/2016
Docket/Case Number:	3-17529
Employing firm when activity occurred which led to the regulatory action:	NEXT FINANCIAL GROUP, INC.; KOVACK SECURITIES INC.; KOVACK ADVISORS, INC.; DIAZ RETIREMENT CONSULTANTS
Product Type:	No Product
Allegations:	<p>SEC Admin Release 34-78776, IA Release 40-4524, September 7, 2016: 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 Eduardo Guillermo Diaz ("Respondent").</p> <p>On March 22, 2016, Diaz pled guilty to one count of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the Southern District of Mississippi in United States v. Eduardo Guillermo Diaz, Crim. No. 1:15cr68-LG-RHG. On June 22, 2016, a judgment in the criminal case was entered against Diaz. He was sentenced to a prison term of 70 months followed by three years of supervised release and ordered to pay a fine of \$15,000 and to make restitution in the amount of \$641,435.88.</p> <p>In connection with that plea, Respondent admitted that: From approximately February 2012 through October 2015, he devised a scheme to defraud investors to obtain money for his own personal use; As part of the scheme, he employed material false representations and promises; Diaz solicited significant sums of money from clients, several of whom were prior business relationships and friends; He also used investors' money to pay off previous investors; and In one instance, on or about February 23, 2012, an investor wrote a check for \$50,000 and mailed it to Diaz for the purpose of purchasing an annuity.</p> <p>None of the money was invested in an annuity. Instead, Diaz deposited the check into an account in the name of Diaz Financial Services and the funds were converted to Diaz and subsequently used to pay a variety of personal and business related expenses.</p>
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:	09/07/2016
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?	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: Bar (Permanent)

Capacities Affected: see comment

Duration: Indefinite

Start Date: 09/07/2016

End Date:

**Regulator Statement**

Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept.

It is ORDERED Diaz be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

It is also ORDERED that Diaz 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 3 of 4

Reporting Source:	Regulator
Regulatory Action Initiated By:	MISSISSIPPI
Sanction(s) Sought:	Civil and Administrative Penalty(ies)/Fine(s) Denial
Date Initiated:	12/03/2013
Docket/Case Number:	LS-13-0862
URL for Regulatory Action:	
Employing firm when activity occurred which led to the regulatory action:	DIAZ RETIREMENT CONSULTANTS
Product Type:	No Product
Allegations:	MR. DIAZ FILED MISLEADING INFORMATION ON HIS FORM U4 AND FORM ADV WHEN ATTEMPTING TO REGISTER HIS IA FIRM AND HIMSELF AS AN IAR. SPECIFICALLY, DIAZ FAILED TO DISCLOSE THAT HE IS THE SUBJECT OF BOTH A FINRA AND A MISSISSIPPI SECURITIES INVESTIGATION.
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:	02/04/2014
Sanctions Ordered:	Bar (Temporary/Time Limited) Civil and Administrative Penalty(ies)/Fine(s) Requalification
Sanction 1 of 1	
Sanction Type:	Bar (Temporary/Time Limited)
Capacities Affected:	INVESTMENT ADVISER, INVESTMENT ADVISER REPRESENTATIVE
Duration:	9 MONTHS
Start Date:	02/04/2014
End Date:	11/04/2014
Requalification 1 of 2	
Requalification Type:	Requalification by Exam
Length of time given to requalify:	PRIOR TO RE-APPLYING FOR REGISTRATION
Type of exam required :	SERIES 65, OR COMBINATION SERIES 7 & 66
Has condition been satisfied:	No
Requalification 2 of 2	
Requalification Type:	Re-Training
Length of time given to requalify:	MUST COMPLETE RE-TRAINING PRIOR TO MAKING APPLICATION FOR IA OR IAR
Type of exam required :	3 HOURS FINANCIAL INDUSTRY COMPLIANCE TRAINING, 3 HOURS OF FINANCIAL INDUSTRY ETHICS TRAINING
Has condition been satisfied:	No
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$2,000.00
Portion Levied against individual:	\$2,000.00
Payment Plan:	DUE WITHIN 30 DAYS OF FEB 4, 2014 ORDER.
Is Payment Plan Current:	No



Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement MR. DIAZ AGREED TO WITHDRAW HIS CURRENT IA APPLICATION FOR DIAZ RETIREMENT CONSULTANTS AND HIS IAR APPLICATION FOR HIMSELF.

Disclosure 4 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 06/28/2013

Docket/Case Number: 2012034594402

Employing firm when activity occurred which led to the regulatory action: NEXT FINANCIAL GROUP, INC.

Product Type: Other: PRIVATE SECURITIES

Allegations: WILLFULLY VIOLATED SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5; AND VIOLATED FINRA RULES 2010, 2020, 2150, 3240, 3270, NASD RULES 3030, 3040, INTERPRETATIVE MATERIAL-2310-2: DIAZ INTENTIONALLY OR RECKLESSLY MADE UNTRUE STATEMENTS OF MATERIAL FACT TO A CUSTOMER IN WILLFUL VIOLATION OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 REGARDING PROPERTIES OF A LIMITED LIABILITY COMPANY HE CONTROLLED AND INTENTIONALLY OR RECKLESSLY OMITTED TO STATE OTHER RELEVANT AND RELATED MATERIAL FACTS TO THE CUSTOMER. THE CUSTOMER'S INVESTMENTS IN THE COMPANY AND THE LOAN TO IT, WHICH TOTALED AT LEAST \$365,000, WERE NOT PAID DIRECTLY FROM HER ACCOUNT AT DIAZ'S MEMBER FIRM. AT DIAZ'S REQUEST, SHE WIRED THE FUNDS, COMPRISING THE INVESTMENTS AND LOAN TO THE COMPANY, TO A BANK ACCOUNT, WHICH WAS A PERSONAL BANK ACCOUNT DIAZ CONTROLLED. IN RELIANCE UPON REPRESENTATIONS DIAZ MADE, THE FUNDS THE CUSTOMER PROVIDED TO DIAZ WERE INTENDED FOR USE BY THE COMPANY FOR ITS GENERAL BUSINESS OPERATIONS. DIAZ IMPROPERLY CONVERTED AT LEAST \$126,000 OF THESE FUNDS IN HIS BANK ACCOUNT TO HIS PERSONAL USE FOR EXPENDITURES THAT DID NOT BENEFIT THE



COMPANY OR THE CUSTOMER. DIAZ EXECUTED TRANSACTIONS IN THE CUSTOMER'S ACCOUNT, WITHOUT HER PRIOR KNOWLEDGE, AUTHORIZATION OR CONSENT. THE UNAUTHORIZED TRANSACTIONS IN THE CUSTOMER'S BROKERAGE ACCOUNT AT DIAZ'S FIRM RESULTED IN MORE THAN \$195,000 IN CASH THAT HE SENT TO THE CUSTOMER, WHICH SHE BELIEVED WERE DISTRIBUTIONS FROM THE COMPANY. DIAZ, ACTING OUTSIDE OF HIS EMPLOYMENT WITH HIS FIRM, PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS FOR COMPENSATION WITHOUT PROVIDING PRIOR WRITTEN OR ORAL NOTICE TO THE FIRM OF HIS PROPOSED ROLE IN, OR THE SELLING COMPENSATION THAT HE MIGHT RECEIVE FROM THE TRANSACTIONS. THE FIRM DID NOT APPROVE DIAZ'S PRIVATE SECURITIES TRANSACTIONS WITH THE CUSTOMER. DIAZ ENGAGED IN BUSINESS ACTIVITIES WITH HIS COMPANY WITHOUT PROVIDING PRIOR WRITTEN NOTICE TO THE FIRM OR RECEIVING ITS WRITTEN APPROVAL. DIAZ WAS A MEMBER AND MANAGER OF THE COMPANY AND RECEIVED APPROXIMATELY \$126,000 IN COMPENSATION AS A RESULT OF HIS BUSINESS ACTIVITY WITH IT. DIAZ SOLICITED LOANS FROM THE CUSTOMER IN THE TOTAL AMOUNT OF \$87,000. DIAZ FAILED TO NOTIFY HIS FIRM OF THE LOANS THE CUSTOMER MADE TO HIM CONTRARY TO FIRM POLICY THAT PROHIBITED DIAZ FROM BORROWING FROM CUSTOMERS IN ALL CIRCUMSTANCES.

Current Status:	Final
Resolution:	Decision & Order of Offer of Settlement
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	04/30/2014
Sanctions Ordered:	Bar (Permanent) Other: WILLFUL VIOLATION OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5
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:

Start Date:

04/30/2014

End Date:

Regulator Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, DIAZ CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT IN CONNECTION WITH THE SALE OF A SECURITY, DURING TELEPHONE CONVERSATIONS AND WRITTEN COMMUNICATIONS, HE INTENTIONALLY OR RECKLESSLY MADE UNTRUE STATEMENTS OF MATERIAL FACT TO A CUSTOMER IN WILLFUL VIOLATION OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 REGARDING PROPERTIES OF A LIMITED LIABILITY COMPANY HE CONTROLLED AND INTENTIONALLY OR RECKLESSLY OMITTED TO STATE OTHER RELEVANT AND RELATED MATERIAL FACTS TO THE CUSTOMER. THE FINDINGS STATED THAT THE CUSTOMER'S INVESTMENTS IN THE COMPANY AND THE LOAN TO IT, WHICH TOTALED AT LEAST \$365,000, WERE NOT PAID DIRECTLY FROM HER ACCOUNT AT DIAZ'S MEMBER FIRM. RATHER, AMOUNTS WITHDRAWN FROM HER ACCOUNT WERE TRANSFERRED TO HER CHECKING ACCOUNT AT A BANK. AT DIAZ'S REQUEST, SHE THEN WIRED THE FUNDS, COMPRISING THE INVESTMENTS AND LOAN TO THE COMPANY, TO A BANK ACCOUNT, WHICH WAS A PERSONAL BANK ACCOUNT DIAZ CONTROLLED. IN RELIANCE UPON



REPRESENTATIONS DIAZ MADE, THE FUNDS THE CUSTOMER PROVIDED TO DIAZ WERE INTENDED FOR USE BY THE COMPANY FOR ITS GENERAL BUSINESS OPERATIONS. DIAZ'S BANK ACCOUNT WAS COMPRISED ALMOST ENTIRELY OF FUNDS FROM THE CUSTOMER FOR HER INVESTMENTS AND THE LOAN. THE FINDINGS ALSO STATED THAT DIAZ IMPROPERLY CONVERTED AT LEAST \$126,000 OF THESE FUNDS IN HIS BANK ACCOUNT TO HIS PERSONAL USE FOR EXPENDITURES THAT DID NOT BENEFIT THE COMPANY OR THE CUSTOMER. THE FINDINGS ALSO INCLUDED THAT DIAZ EXECUTED TRANSACTIONS IN THE CUSTOMER'S ACCOUNT, WITHOUT HER PRIOR KNOWLEDGE, AUTHORIZATION OR CONSENT. THE UNAUTHORIZED TRANSACTIONS IN THE CUSTOMER'S BROKERAGE ACCOUNT AT DIAZ'S FIRM RESULTED IN MORE THAN \$195,000 IN CASH THAT HE SENT TO THE CUSTOMER, WHICH SHE BELIEVED WERE DISTRIBUTIONS FROM THE COMPANY. FINRA FOUND THAT DIAZ, ACTING OUTSIDE OF HIS EMPLOYMENT WITH HIS FIRM, PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS FOR COMPENSATION WITH THE CUSTOMER WITHOUT PROVIDING PRIOR WRITTEN OR ORAL NOTICE TO THE FIRM OF HIS PROPOSED ROLE IN, OR THE SELLING COMPENSATION THAT HE MIGHT RECEIVE FROM THE TRANSACTIONS. THE FIRM DID NOT APPROVE DIAZ'S PRIVATE SECURITIES TRANSACTIONS WITH THE CUSTOMER. FINRA ALSO FOUND THAT DIAZ ENGAGED IN BUSINESS ACTIVITIES WITH HIS COMPANY OUTSIDE THE SCOPE OF HIS RELATIONSHIP WITH THE FIRM, WITHOUT PROVIDING PRIOR WRITTEN NOTICE TO THE FIRM OR RECEIVING ITS WRITTEN APPROVAL. DIAZ'S PARTICIPATION IN THE COMPANY WAS NOT PASSIVE. DIAZ WAS A MEMBER AND MANAGER OF THE COMPANY AND RECEIVED APPROXIMATELY \$126,000 IN COMPENSATION AS A RESULT OF HIS BUSINESS ACTIVITY WITH IT. IN ADDITION, FINRA DETERMINED THAT DIAZ SOLICITED LOANS FROM THE CUSTOMER, A TOTAL OF \$87,000. THE LOANS WERE DIRECTED TO THE COMPANY AND TO DIAZ RESPECTIVELY, AND WERE DEPOSITED INTO HIS PERSONAL BANK ACCOUNT. DIAZ FAILED TO NOTIFY HIS FIRM OF THE LOANS THE CUSTOMER MADE TO HIM CONTRARY TO FIRM POLICY THAT PROHIBITED DIAZ FROM BORROWING FROM CUSTOMERS IN ALL CIRCUMSTANCES.



Criminal - Final Disposition

This type of disclosure event involves a conviction or guilty plea for any felony or certain misdemeanor offenses, including bribery, perjury, forgery, counterfeiting, extortion, fraud, and wrongful taking of property that is currently on appeal.

Disclosure 1 of 1

Reporting Source:	Regulator
Formal Charges were brought in:	Federal Court
Name of Court:	U.S. District Court for the Southern District of Mississippi
Location of Court:	Mississippi
Docket/Case #:	1:15cr68
Charge Date:	10/06/2015

Charge(s) 1 of 2

Formal Charge(s)/Description:	FRAUD BY WIRE, RADIO, OR TELEVISION
No of Counts:	2
Felony or Misdemeanor:	Felony
Plea for each charge:	not guilty
Disposition of charge:	Dismissed

Charge(s) 2 of 2

Formal Charge(s)/Description:	FRAUDS AND SWINDLES
No of Counts:	4
Felony or Misdemeanor:	Felony
Plea for each charge:	guilty to one count Frauds and Swindles (mail fraud)
Disposition of charge:	Pled guilty
Current Status:	Final
Status Date:	06/24/2016
Disposition Date:	06/24/2016

Sentence/Penalty:	On June 24, 2016, Diaz was sentenced to a prison term of 70 months followed by three years of supervised release and ordered to pay a fine of \$15,000 with interest imposed, and ordered to make restitution in the amount of \$641,435.88
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with interest imposed.

End of Report



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