

BrokerCheck Report

DEAN PATRICK MCDERMOTT

CRD# 1731834

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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



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

DEAN P. MCDERMOTT

CRD# 1731834

Currently employed by and registered with the following Firm(s):**IA MCDERMOTT INVESTMENT ADVISORS, LLC**780 FIFTH AVENUE SOUTH
SUITE 200
NAPLES, FL 34102
CRD# 132221

Registered with this firm since: 09/24/2004

B MCDERMOTT INVESTMENT SERVICES, LLC44 EAST BROAD STREET
2ND FLOOR
BETHLEHEM, PA 18018
CRD# 154926

Registered with this firm since: 05/19/2011

Report Summary for this Broker

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

Broker Qualifications**This broker is registered with:**

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

This broker has passed:

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

Registration History**This broker was previously registered with the following securities firm(s):****B STEVEN L. FALK & ASSOCIATES INC.**CRD# 14297
BETHLEHEM, PA
02/2000 - 05/2011**B COORDINATED CAPITAL SECURITIES, INC.**CRD# 14762
FORT ATKINSON, WI
08/1996 - 02/2000**B OLD NAPLES SECURITIES, INC.**CRD# 17502
NAPLES, FL
03/1992 - 08/1996**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
Civil Event	1
Customer Dispute	1



Broker Qualifications

Registrations

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

This individual is currently registered with 1 SRO and is licensed in 51 U.S. states and territories through his or her employer.

Employment 1 of 2

Firm Name: **MCDERMOTT INVESTMENT ADVISORS, LLC**

Main Office Address: **780 FIFTH AVENUE SOUTH
SUITE 200
NAPLES, FL 34102**

Firm CRD#: **132221**

	U.S. State/ Territory	Category	Status	Date
IA	Florida	Investment Adviser Representative	Approved	04/08/2005
IA	Pennsylvania	Investment Adviser Representative	Approved	09/24/2004
IA	Texas	Investment Adviser Representative	Restricted Approval	11/03/2022

Branch Office Locations

780 FIFTH AVENUE SOUTH
SUITE 200
NAPLES, FL 34102

44 East Broad Street
Suite 218
Bethlehem, PA 18018

Employment 2 of 2

Firm Name: **MCDERMOTT INVESTMENT SERVICES, LLC**

Main Office Address: **900 BROAD AVE SOUTH
SUITE 2C
NAPLES, FL 34102**



Broker Qualifications

Employment 2 of 2, continued

Firm CRD#: 154926

SRO	Category	Status	Date
B FINRA	General Securities Principal	Approved	05/19/2011
B FINRA	General Securities Representative	Approved	05/19/2011
B FINRA	Municipal Securities Principal	Approved	05/19/2011
B FINRA	Municipal Securities Representative	Approved	05/19/2011
B FINRA	Registered Options Principal	Approved	05/19/2011
B FINRA	Operations Professional	Approved	12/12/2011
B FINRA	Compliance Officer	Approved	10/01/2018

U.S. State/ Territory	Category	Status	Date
B Alabama	Agent	Approved	07/17/2013
B Alaska	Agent	Approved	02/26/2014
B Arizona	Agent	Approved	08/30/2012
B Arkansas	Agent	Approved	07/15/2013
B California	Agent	Approved	05/25/2011
B Colorado	Agent	Approved	05/31/2011
B Connecticut	Agent	Approved	05/19/2011
B Delaware	Agent	Approved	03/26/2013
B District of Columbia	Agent	Approved	05/26/2011
B Florida	Agent	Approved	06/15/2011
B Georgia	Agent	Approved	04/23/2013
B Hawaii	Agent	Approved	02/20/2014



Broker Qualifications

Employment 2 of 2, continued

	U.S. State/ Territory	Category	Status	Date
B	Idaho	Agent	Approved	02/20/2014
B	Illinois	Agent	Approved	05/20/2011
B	Indiana	Agent	Approved	07/12/2013
B	Iowa	Agent	Approved	02/20/2014
B	Kansas	Agent	Approved	02/24/2014
B	Kentucky	Agent	Approved	02/20/2014
B	Louisiana	Agent	Approved	02/24/2014
B	Maine	Agent	Approved	09/10/2012
B	Maryland	Agent	Approved	05/24/2011
B	Massachusetts	Agent	Approved	05/26/2011
B	Michigan	Agent	Approved	08/30/2011
B	Minnesota	Agent	Approved	02/25/2014
B	Mississippi	Agent	Approved	02/21/2014
B	Missouri	Agent	Approved	02/25/2014
B	Montana	Agent	Approved	02/21/2014
B	Nebraska	Agent	Approved	02/01/2013
B	Nevada	Agent	Approved	06/07/2011
B	New Hampshire	Agent	Approved	02/21/2014
B	New Jersey	Agent	Approved	05/31/2011
B	New Mexico	Agent	Approved	08/15/2013
B	New York	Agent	Approved	05/24/2011



Broker Qualifications

Employment 2 of 2, continued

	U.S. State/ Territory	Category	Status	Date
B	North Carolina	Agent	Approved	06/10/2011
B	North Dakota	Agent	Approved	03/03/2014
B	Ohio	Agent	Approved	07/08/2013
B	Oklahoma	Agent	Approved	03/17/2014
B	Oregon	Agent	Approved	08/26/2011
B	Pennsylvania	Agent	Approved	05/23/2011
B	Rhode Island	Agent	Approved	03/13/2012
B	South Carolina	Agent	Approved	02/21/2014
B	South Dakota	Agent	Approved	07/18/2013
B	Tennessee	Agent	Approved	01/29/2018
B	Texas	Agent	Approved	10/05/2012
B	Utah	Agent	Approved	07/19/2013
B	Vermont	Agent	Approved	02/20/2014
B	Virginia	Agent	Approved	05/31/2011
B	Washington	Agent	Approved	02/21/2014
B	West Virginia	Agent	Approved	03/10/2014
B	Wisconsin	Agent	Approved	05/25/2011
B	Wyoming	Agent	Approved	02/24/2014

Branch Office Locations

MCDERMOTT INVESTMENT SERVICES, LLC
900 BROAD AVE SOUTH



Broker Qualifications

Employment 2 of 2, continued

SUITE 2C
NAPLES, FL 34102

MCDERMOTT INVESTMENT SERVICES, LLC
44 EAST BROAD STREET
2ND FLOOR
BETHLEHEM, PA 18018

MCDERMOTT INVESTMENT SERVICES, LLC
101 MAIN STREET
SUITE 260
HUNTINGTON BEACH, CA 92648

MCDERMOTT INVESTMENT SERVICES, LLC
900 Broad Ave South
Suite 2C
Naples, FL 34102



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 4 principal/supervisory exams, 4 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
B Compliance Officer Examination	Series 14	01/02/2023
B Registered Options Principal Examination	Series 4	10/27/1994
B Municipal Securities Principal Examination	Series 53	06/22/1994
B General Securities Principal Examination	Series 24	04/10/1992

General Industry/Product Exams

Exam	Category	Date
B Municipal Securities Representative Examination	Series 52TO	09/25/2025
B Operations Professional Examination	Series 99TO	01/02/2023
B Securities Industry Essentials Examination	SIE	10/01/2018
B General Securities Representative Examination	Series 7	09/19/1987

State Securities Law Exams

Exam	Category	Date
B IA Uniform Combined State Law Examination	Series 66	06/24/2002
B Uniform Securities Agent State Law Examination	Series 63	09/30/1987

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 02/2000 - 05/2011	STEVEN L. FALK & ASSOCIATES INC.	14297	BETHLEHEM, PA
B 08/1996 - 02/2000	COORDINATED CAPITAL SECURITIES, INC.	14762	FORT ATKINSON, WI
B 03/1992 - 08/1996	OLD NAPLES SECURITIES, INC.	17502	NAPLES, FL
B 08/1989 - 01/1992	LEGG MASON WOOD WALKER, INCORPORATED	6555	BALTIMORE, MD
B 08/1989 - 10/1989	PRUDENTIAL-BACHE SECURITIES INC.	7471	NEW YORK, NY
B 09/1987 - 08/1989	THOMSON MCKINNON SECURITIES INC.	829	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
05/2011 - Present	MCDERMOTT INVESTMENT SERVICES, LLC	MANAGING MEMBER/CHIEF COMPLIANCE OFFICER	Y	BETHLEHEM, PA, United States
06/2004 - Present	MCDERMOTT INVESTMENT ADVISORS, LLC	MANAGING MEMBER	Y	BETHLEHEM, PA, 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) MCDERMOTT INVESTMENT ADVISORS, LLC(MIA),INVESTMENT-RELATED, 26 W. BROAD ST., BETHLEHEM,PA. 18016. (MIA) IS AN SEC REGISTERED INVESTMENT ADVISORY AND ECONOMIC CONSULTING FIRM, MANAGING MEMBER SINCE IT'S FORMATION IN MAY 2004. INVESTMENT MANAGER. 30 HRS./WK. WHICH RUN CONCURRENTLY W/ B/D ACTIVITY.

Registration and Employment History



Other Business Activities, continued

2) Kateda of Naples, LLC; Not Investment-Related; 882 7th Ave South, Naples, FL 34102; Nature: Commercial Real Estate; Position/Title: Member; Start Date: June 1, 2025; 4 hours/month devoted; 0 hours/month devoted during trading hours; Duties: Passive Ownership.



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	1	0
Civil Event	0	1	0
Customer Dispute	1	0	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:	SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	
Other Sanction(s) Sought:	
Date Initiated:	01/30/1998
Docket/Case Number:	
Employing firm when activity occurred which led to the regulatory action:	OLD NAPLES SECURITIES, INC.
Product Type:	
Other Product Type(s):	
Allegations:	
Current Status:	Final
Resolution:	Consent
Resolution Date:	01/30/1998
Sanctions Ordered:	Cease and Desist/Injunction



Other Sanctions Ordered:

Sanction Details:

Regulator Statement

02-13-98, SEC NEWS DIGEST ISSUE NO. 98-21, DATED FEBRUARY 2, 1998, ENFORCEMENT PROCEEDINGS DISCLOSE: "ADMINISTRATIVE PROCEEDINGS SETTLED AGAINST DEAN MCDERMOTT, STEPHEN COMPOS AND DANIEL SHAFFER"; THE COMMISSION ANNOUNCED THAT ON JANUARY 30, 1998, IT INSTITUTED AND SIMULTANEOUSLY SETTLED CEASE AND DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 (SECURITIES ACT) AGAINST DEAN MCDERMOTT AND STEPHEN COMPOS, BOTH OF BEETHLEHEM, PENNSYLVANIA, AND DANIEL SHAFFER, OF READING, PENNSYLVANIA (COLLECTIVELY, RESPONDENTS).

THE ORDER INSTITUTING CEASE AND DESIST PROCEEDINGS (ORDER) FOUND THAT FROM APPROXIMATELY MAY 1995 THROUGH MAY 1996, RESPONDENTS SOLICITED AND RAISED AT LEAST \$4.8 MILLION FOR PURPORTED BOND TRADING PROGRAMS OFFERED BY OLD NAPLES SECURITIES, INC. AND JAMES ZIMMERMAN. THE ORDER FOUND THAT INSTEAD OF MAKING THE PROMISED INVESTMENTS, ZIMMERMAN OPERATED A "PONZI" SCHEME AND MISUSED AND MISAPPROPRIATED CUSTOMER FUNDS.

THE ORDER FOUND THAT RESPONDENTS SOLICITED THESE INVESTMENTS BASED SOLELY ON ZIMMERMAN'S ORAL REPRESENTATIONS TO THEM AND CONDUCTED AN INSUFFICIENT INVESTIGATION INTO THE INVESTMENTS. THE ORDER ALSO FOUND THAT CERTAIN "RED FLAGS" SHOULD HAVE CAUSED RESPONDENTS TO INVESTIGATE THE BOND INVESTMENTS IN GREATER DETAIL. THE ORDER FINDS THAT RESPONDENTS COMMITTED OR CAUSED VIOLATIONS OF SECTION 17(a)(2) AND (3) OF THE SECURITIES ACT.

PURSUANT TO THEIR OFFERS OF SETTLEMENT, RESPONDENTS CONSENTED TO THE ENTRY OF A CEASE AND DESIST ORDER AND TO AN ORDER THAT SHAFFER PAY DISGORGEMENT OF \$90,000 PLUS PRE-JUDGMENT INTEREST, ALL OF WHICH WAS WAIVED BASED ON SHAFFER'S DEMONSTRATED INABILITY TO PAY. (REL. 33-7502; FILE NO. 3-9540)



Reporting Source: Firm
Regulatory Action Initiated By: SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought: Cease and Desist
Other Sanction(s) Sought:
Date Initiated: 08/05/1996
Docket/Case Number: 3-9540
Employing firm when activity occurred which led to the regulatory action: OLD NAPELS SECURITIES, INC.
Product Type: Debt - Municipal
Other Product Type(s):
Allegations: ACTION ALLEGES THAT RESPONDENT COMMITTED OR CAUSED VIOLATIONS OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT.
Current Status: Final
Resolution: Order
Resolution Date: 01/30/1998
Sanctions Ordered: Cease and Desist/Injunction
Other Sanctions Ordered:
Sanction Details: RESPONDENT WAS ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION OR ANY FUTURE VIOLATION OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT.
Firm Statement RESPONDENT SOLICITED AND RAISED FUNDS FOR INVESTMENTS AND REINVESTMENTS IN A PURPORTED BOND TRADING PROGRAM. IT WAS LATER FOUND THAT THE FUNDS WERE RAISED PURSUANT TO A "PONZI" SCHEME DEVISED SOLEY BY JAMES A. ZIMMERMAN, PRESIDENT OF THE NOW DE-FUNCT OLD NAPLES SECURITIES, WHO EMBEZZELED THE FUNDS.

Reporting Source: Broker
Regulatory Action Initiated By: SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought: Cease and Desist

**Other Sanction(s) Sought:****Date Initiated:** 01/30/1998**Docket/Case Number:** FILE NUMBER 3-9540**Employing firm when activity occurred which led to the regulatory action:** OLD NAPLES SECURITIES, INC.**Product Type:** Debt - Municipal**Other Product Type(s):**

Allegations: RESPONDENTS (WHO ALSO INVESTED) SOLICITED AND RAISED FUNDS FOR INVESTMENTS AND REINVESTMENTS IN A PURPORTED BOND TRADING PROGRAM. IT WAS LATER FOUND THAT THE FUNDS WERE RAISED PURSUANT TO A 'PONZI' SCHEME DEVISED SOLELY BY JAMES A. ZIMMERMAN, PRESIDENT OF THE NOW-DEFUNCT OLD NAPLES SECURITIES, INC, WHO EMBEZZLED THE FUNDS. THE RESPONDENTS AND THE INVESTORS LOST MONEY IN THE 'PONZI' SCHEME.

Current Status: Final**Resolution:** Decision & Order of Offer of Settlement**Resolution Date:** 01/30/1998**Sanctions Ordered:** Cease and Desist/Injunction**Other Sanctions Ordered:****Sanction Details:** SEC ORDERED A 'CEASE AND DESIST FROM SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT.**Broker Statement** THE PRESIDENT AND CHIEF COMPLIANCE OFFICER FOR OLD NAPLES SECURITIES INC JAMES A ZIMMERMAN, PLEAD GUILTY TO SEVEN COUNTS OF FELONY INCLUDING WIRE AND MAIL FRAUD AS WELL AS ADMITTING TO ENGINEERING THE 'PONZ' SCHEME BY HIMSELF.



Civil - Final

This type of disclosure event involves (1) an injunction issued by a court in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action brought by a state or foreign financial regulatory authority that is dismissed by a court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Date Court Action Filed:	09/13/2019
Product Type:	Other: Fraudulent scheme
Type of Court:	Federal Court
Name of Court:	The United States District Court for the Eastern District of Pennsylvania;
Location of Court:	Pennsylvania
Docket/Case #:	5:19-cv-04229
Employing firm when activity occurred which led to the action:	McDermott Investment Advisors, LLC
Allegations:	On September 13, 2019, the SEC filed the Complaint: Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows against Defendants Dean Patrick McDermott ("McDermott") and McDermott Investment Advisors, LLC ("MIA") (collectively, "Defendants"), and Relief Defendant McDermott Investment Services, LLC ("MIS"). Between March 2013 and December 2014, McDermott and MIA, the investment adviser he owns, unlawfully invested their clients in a version of a security that charged significant transactional sales charges when the identical security without these costs was available. As investment advisers, Defendants were paid a fee by their clients to choose investments and make trades on their clients' behalf. Under applicable law, and as detailed in MIA's then-operative Compliance Policies and Procedures Manual, Defendants were "required to act in the best interests of their clients and place their interests before their own." By causing their clients to pay these avoidable fees, Defendants violated their fiduciary duty to seek best execution of these transactions on behalf of their clients. Defendants also violated their fiduciary duty by failing to disclose to their clients the conflict of interest inherent in these transactions: namely, that a version of the securities without the transactional sales charges was available, and that the



majority of the unnecessary transactional costs incurred by Defendants' clients was paid to Relief Defendant MIS, McDermott's 100%-owned and controlled broker-dealer. McDermott, MIA, and MIS were double dipping by receiving both the advisory fees and the fees generated by the more expensive securities. By failing to seek best execution of the trades and failing to disclose the conflicts of interest inherent in these transactions, the Defendant enriched himself at the expense of his clients and without his clients' knowledge. As a result of the conduct described in this Complaint, Defendant violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940.

Alternatively, with respect to Defendant McDermott, McDermott is liable under Sections 209(d) and (f) of the Advisers Act for aiding and abetting MIA's violations of Section 206(1) and 206(2) of the Advisers Act.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 10/28/2022

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Monetary Penalty other than Fines

Monetary Sanction 1 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$50,000.00

Portion against individual: 50000

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Prejudgment interest on the disgorgement; joint and several

Total Amount: \$50,983.60

Portion against individual: 50983.60

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3



Monetary Sanction: Disgorgement

Total Amount: \$143,379.33

Portion against individual: 143379.33

Date Paid:

Portion Waived:

Amount Waived:

Regulator Statement

On July 12, 2022, a jury found that Defendant McDermott violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940. The jury also found McDermott liable for aiding and abetting McDermott Investment Advisors, LLC's primary violations of Sections 206(1) and 206(2).

On October 28, 2022, a final judgment was entered against Defendant Dean Patrick McDermott wherein he is liable for (1) disgorgement of \$143,379.33, together with prejudgment interest thereon in the amount of \$50,983.60, jointly and severally with Defendant MIA and Relief Defendant McDermott Investment Services, LLC; and (2) a civil penalty in the amount of \$50,000.00.

Reporting Source: Broker

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Relief Sought: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction
Monetary Penalty other than Fines

Date Court Action Filed: 09/13/2019

Date Notice/Process Served: 09/13/2019

Product Type: Other: Fraudulent Scheme

Type of Court: Federal Court

Name of Court: United States District Court for the Eastern District of Pennsylvania

Location of Court: Allentown, PA

Docket/Case #: 5:19-cv-04229

Employing firm when activity occurred which led to the action: McDermott Investment Advisors, LLC



Allegations: On September 13, 2019, the SEC filed the Complaint: Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows against Defendants Dean Patrick McDermott ("McDermott") and McDermott Investment Advisors, LLC ("MIA") (collectively, "Defendants"), and Relief Defendant McDermott Investment Services, LLC ("MIS"). Between March 2013 and December 2014, McDermott and MIA, the investment adviser he owns, unlawfully invested their clients in a version of a security that charged significant transactional sales charges when the identical security without these costs was available. As investment advisers, Defendants were paid a fee by their clients to choose investments and make trades on their clients' behalf. Under applicable law, and as detailed in MIA's then-operative Compliance Policies and Procedures Manual, Defendants were "required to act in the best interests of their clients and place their interests before their own." By causing their clients to pay these avoidable fees, Defendants violated their fiduciary duty to seek best execution of these transactions on behalf of their clients. Defendants also violated their fiduciary duty by failing to disclose to their clients the conflict of interest inherent in these transactions: namely, that a version of the securities without the transactional sales charges was available, and that the majority of the unnecessary transactional costs incurred by Defendants' clients was paid to Relief Defendant MIS, McDermott's 100%-owned and controlled broker-dealer. McDermott, MIA, and MIS were double dipping by receiving both the advisory fees and the fees generated by the more expensive securities. By failing to seek best execution of the trades and failing to disclose the conflicts of interest inherent in these transactions, the Defendant enriched himself at the expense of his clients and without his clients' knowledge. As a result of the conduct described in this Complaint, Defendant violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940. Alternatively, with respect to Defendant McDermott, McDermott is liable under Sections 209(d) and (f) of the Advisers Act for aiding and abetting MIA's violations of Section 206(1) and 206(2) of the Advisers Act.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 10/28/2022

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Monetary Penalty other than Fines

Monetary Sanction 1 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$50,000.00

Portion against individual:

Date Paid:



Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Prejudgment interest on the disgorgement; joint and several

Total Amount: \$50,983.60

Portion against individual: 50983.60

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Sanction: Disgorgement

Total Amount: \$143,379.33

Portion against individual:

Date Paid:

Portion Waived:

Amount Waived:

Broker Statement

On March 19, 2019, the SEC Staff notified McDermott Investment Advisors and Dean McDermott that it had made a preliminary determination to recommend to the SEC that an enforcement action be brought against McDermott Investment Advisors and Dean McDermott arising from investments made into unit investment trusts ("UITs") for certain of our advisory clients from January 2012 through December 2014. On September 13, 2019, the SEC notified us that it had filed a civil action in the United States District Court for the Eastern District of Pennsylvania related to these allegations (the "EDPA Action"). In the EDPA Action, the SEC alleged various claims arising from UIT purchases for certain advisory clients between March 2013 and December 2014. The crux of the EDPA Action was that we breached our fiduciary duty by failing to act in our advisory clients' best interest; to seek best execution for client transactions; and by making inadequate disclosures to advisory clients regarding conflicts of interest and the availability of UITs with less expensive fees. The SEC also alleged that Mr. McDermott aided and abetted the Firm's alleged violations. The Firm and Mr. McDermott believe the UIT purchases were in our advisory clients' best interest when viewed in the context of the comprehensive fee structure and the advisory relationship as a whole. There were two versions of the UITs available for purchase - one with a sales charge and one without. The SEC contended that the selection of the UIT version with the sales charge was



improper. The Firm and Mr. McDermott believe that selecting the version with a sales charge was appropriate because doing so was part of a comprehensive fee structure, which provided most of the advisory clients with free equity trades and many advisory clients with discounted advisory fees. Despite presenting this, and other defenses, at a six-day trial in Philadelphia, the jury returned its verdict in the SEC's favor. Specifically, the jury's verdict found that Mr. McDermott and MIA intentionally "failed to act in [their] clients' best interest, seek best execution or disclose a conflict of interest," in breach of their fiduciary duty and in violation of Section 206(1) of the Advisors Act. The jury's verdict also found that Mr. McDermott violated Section 209 of the Advisors Act by aiding and abetting MIA's Section 206(1) violation.

On October 26, 2022, a hearing was held to determine the appropriate remedies to be imposed. The SEC sought permanent injunctions against MIA and Mr. McDermott, disgorgement of \$143,379.33 plus prejudgment interest of \$50,983.60, and civil penalties against MIA and Mr. McDermott in the amounts of \$400,000 and \$80,000 respectively. In its final order following the hearing, the Court granted the SEC's request for disgorgement and prejudgment interest, ordering that MIA, MIA, and Mr. McDermott to be jointly and severally liable for \$143,379.33 in disgorgement and \$50,983.60 in prejudgment interest. The Court, however, denied the SEC's request for permanent injunctions against MIA and Mr. McDermott, and significantly lowered the SEC's requested civil penalties from \$480,000 to \$160,000, ordering MIA to pay \$110,000, and Mr. McDermott to pay \$50,000. Payments were deposited with the Court on November 21, 2022.



Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, 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.

Disclosure 1 of 1

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: MCDERMOTT INVESTMENT SERVICES, LLC

Allegations: Claimants, experienced real estate investors, purchased a Delaware Statutory Trust in August 2022, as part of a tax advantaged 1031 exchanges of their prior real estate investments. Due to circumstances well beyond broker-dealer's control, the DST is not performing to Claimants' expectations. Accordingly, Claimant has made various allegations and legal claims related to suitability and due diligence with respect to the DST. Allegations also include breach of fiduciary duty, negligence, misrepresentations and omissions, failure to supervise and breach of contract.

Product Type: Other: Delaware Statutory Trust

Alleged Damages: \$227,000.00

Arbitration Information

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

Docket/Case #: 26-00555

Date Notice/Process Served: 03/19/2026

Arbitration Pending? Yes

Broker Statement Representative, who is a firm principal, but was not the broker of record for Claimant, denies any wrongdoing. Claimants are experienced real estate investors who were actively involved in making and monitoring their investments. Claimants also acknowledged receipt of important disclosures related to their DST investments. Claimants' allegations are meritless and Firm and Representative intend to defend themselves vigorously.

End of Report



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