

BrokerCheck Report

DAVID LESTER MCFADDEN

CRD# 2040961

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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.

DAVID L. MCFADDEN

CRD# 2040961

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

Registration History

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

- B SECURITIES AMERICA, INC.**
CRD# 10205
BATON ROUGE, LA
06/1997 - 08/2006
- B INTERSECURITIES, INC.**
CRD# 16164
PHILADELPHIA, PA
09/1991 - 06/1997
- B SISUNG SECURITIES CORPORATION**
CRD# 25752
METAIRIE, LA
03/1991 - 08/1991

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	1
Criminal	1
Customer Dispute	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, 2 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
B General Securities Principal Examination	Series 24	09/05/1997
B Investment Company Products/Variable Contracts Principal Examination	Series 26	12/13/1990

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	10/10/1994
B Investment Company Products/Variable Contracts Representative Examination	Series 6	04/06/1990

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	04/06/1990

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 06/1997 - 08/2006	SECURITIES AMERICA, INC.	10205	BATON ROUGE, LA
B 09/1991 - 06/1997	INTERSECURITIES, INC.	16164	PHILADELPHIA, PA
B 03/1991 - 08/1991	SISUNG SECURITIES CORPORATION	25752	METAIRIE, LA
B 04/1990 - 03/1991	FIRST AMERICAN NATIONAL SECURITIES, INC.	10111	DULUTH, GA

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
04/2004 - Present	SECURITIES AMERICA ADVISORS, INC.	INVESTMENT ADVISOR REPRESENTATIVE	Y	BATON ROUGE, LA, United States
06/1997 - Present	SECURITIES AMERICA, INC.	REGISTERED REPRESENTATIVE	Y	BATON ROUGE, LA, United States
02/1987 - Present	DIVERSIFIED FINANCIAL SERVICES, INC.	TAX PLANNING & PREPARATION / INSURANCE AGENT / PRESIDENT	Y	BATON ROUGE, LA, United States
02/1987 - Present	DIVERSIFIED MANAGEMENT GROUP, INC.	TAX PREPARATION / CPA / PRESIDENT / CEO	Y	BATON ROUGE, LA, 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	1	0
Criminal	0	1
Customer Dispute	1	N/A



Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

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

Disclosure 1 of 1

Reporting Source: Regulator

Regulatory Action Initiated By: NASD

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 09/14/2006

Docket/Case Number: [2005000226001](#)

Employing firm when activity occurred which led to the regulatory action: SECURITIES AMERICA, INC.,

Product Type: Annuity(ies) - Variable

Other Product Type(s): MUTUAL FUNDS

Allegations: SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER, NASD CONDUCT RULES 2110, 2120, 2210, 2310: MCFADDEN DISSEMINATED FALSE AND MISLEADING SALES LITERATURE, INCLUDING MONTHLY ACCOUNT STATEMENTS THAT CONTAINED MATERIAL OMISSIONS, SUCH AS THE MATERIAL INFORMATION THAT WITHDRAWALS COULD HAVE A SIGNIFICANT IMPACT ON THE VALUE OF THE ANNUITIES IN THE ACCOUNT. THE CORRESPONDENCE SENT TO CUSTOMERS MADE CLAIMS REGARDING THE PERFORMANCE OF CERTAIN MUTUAL FUNDS, BUT DID NOT OFFER A SOUND BASIS FOR EVALUATING THAT INFORMATION AND LITERATURE SENT WAS MISLEADING IN THAT IT PROMISED FUTURE POSITIVE RETURNS; IN WRITTEN SEMINAR MATERIALS HE TOUTED HIS ACCOUNTING SKILLS AND REFERRED TO HIMSELF A A CPA AND HAVING NUMBER OF YEARS OF EXPERIENCE DESPITE THE FACT THAT HE DID NOT HAVE A CURRENT, VALID AND ACTIVE LOUISIANA CPA CERTIFICATE; HE DID NOT SUBMIT THE SALES LITERATURE AND CORRESPONDENCE THAT HE SENT OUT TO CUSTOMER



TO HIS MEMBER FIRM FOR APPROVAL IN THE FORM HE ACTUALLY SENT OUT. THE STATEMENTS HE MADE ARE UNWARRANTED, INCOMPLETE AND MISLEADING; MCFADDEN EFFECTED TRANSACTIONS IN VARIABLE ANNUITY SUBACCOUNTS WITHOUT CUSTOMERS' PRIOR AUTHORIZATION, KNOWLEDGE OR CONSENT.

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? No

Resolution Date: 11/15/2006

Sanctions Ordered: Bar

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MCFADDEN CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, HE IS BARRED FROM ASSOCIATION WITH ANY NASD MEMBER IN ANY CAPACITY.

Reporting Source: Firm

Regulatory Action Initiated By: NASD

Sanction(s) Sought: Bar

Other Sanction(s) Sought:

Date Initiated: 11/15/2006

Docket/Case Number: [2005000226001](#)

Employing firm when activity occurred which led to the regulatory action: SECURITIES AMERICA, INC.

Product Type: Annuity(ies) - Variable

Other Product Type(s): MUTUAL FUNDS



Allegations:	ALLEGATIONS INCLUDED UNSUITABLE SALES OF SECURITIES, CORRESPONDENCE, SALES LITERATURE, SEMINAR AND ADVERTISING VIOLATIONS, UNAUTHORIZED TRADING.
Current Status:	Final
Resolution:	Settled
Resolution Date:	11/15/2006
Sanctions Ordered:	Bar
Other Sanctions Ordered:	
Sanction Details:	NASD ORDER ACCEPTING OFFER OF SETTLEMENT ORDERED BAR FROM ASSOCIATION WITH ANY NASD MEMBER IN ANY CAPACITY.



Criminal - On Appeal

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:	Firm
Formal Charges were brought in:	State Court
Name of Court:	UNITED STATES DISTRICT COURT
Location of Court:	EASTERN DISTRICT OF LOUISIANA - NEW ORLEANS, LA
Docket/Case #:	09-118
Charge Date:	04/22/2009
Charge(s) 1 of 1	
Formal Charge(s)/Description:	CONSPIRACY TO COMMIT SECURITIES FRAUD
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	GUILTY
Disposition of charge:	Pled guilty
Current Status:	On Appeal
Status Date:	01/21/2010
Disposition Date:	01/21/2010
Sentence/Penalty:	MCFADDEN WAS SENTENCED TO FIVE YEARS IN PRISON, FINED \$250,000, AND ORDERED TO SERVE THREE YEARS SUPERVISED RELEASE.
Firm Statement	MCFADDEN HAS APPEALED HIS SENTENCE AND A HEARING HAS BEEN SCHEDULED FOR MARCH 4, 2010 RELATING TO THE RESTITUTION TO CUSTOMERS.



Customer Dispute - Award / Judgment

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

Disclosure 1 of 1

Reporting Source: Regulator

Employing firm when activities occurred which led to the complaint: SECURITIES AMERICA, INC.

Allegations: UNSUITABILITY, BREACH OF CONTRACT, BREACH OF FIDUCIARY DUTY, MISREPRESENTATION, UNAUTHORIZED TRADING, FAILURE TO MAINTAIN PROPER RECORDS, FAILURE TO PROVIDE PROSPECTUSES

Product Type: Annuity(ies) - Variable

Other Product Type(s): MUTUAL FUNDS

Alleged Damages: \$22,273,823.81

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [NASD - CASE #03-05687](#)

Date Notice/Process Served: 07/31/2003

Arbitration Pending? No

Disposition: Award

Disposition Date: 05/15/2006

Disposition Detail: JUDGMENT ISSUED IN FAVOR OF EACH CLAIMANT, AGAINST THE RESPONDENTS JOINTLY AND IN SOLIDO IN THE AMOUNT OF \$11,636,100.27

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: SECURITIES AMERICA, INC.

Allegations: NO DATE WAS SPECIFIED OTHER THAN "OVER SEVERAL YEARS" RETIREES OF EXXON MOBILE RELIED ON MR. MCFADDEN'S FINANCIAL PLANNING KNOWLEDGE TO MANAGE THEIR RETIREMENT ASSETS. CLIENTS ALLEGE UNSUITABLE TRANSACTIONS. COMPENSATORY DAMAGE AMOUNT UNSPECIFIED.



Product Type: Annuity(ies) - Variable

Other Product Type(s): EQUITIES, MUTUAL FUNDS

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 09/19/2003

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 09/19/2003

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [NASD CLAIM NO. 03-05687](#)

Date Notice/Process Served: 09/19/2003

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 05/15/2006

Monetary Compensation Amount: \$22,106,735.76

Individual Contribution Amount: \$0.00

Firm Statement

MR. MCFADDEN DENIES THE ALLEGATIONS OF THIS CLAIM. HE FOLLOWED THE PLANS REGARDING INVESTMENTS AGREED UPON BY THE CLIENTS THAT WERE DISCUSSED IN NUMEROUS CLIENT MEETINGS AND PHONE CONVERSATION. CLIENTS WERE ALWAYS GIVEN OPPORTUNITY IF THEY WANTED TO CHANGE THEIR INVESTMENT STRATEGY. CLIENT INSTRUCTIONS WERE FOLLOWED AND CHANGES MADE IF REQUESTED. ON JUNE 14, 2006 SECURITIES AMERICA, INC. AND MCFADDEN FILED A MOTION TO VACATE THIS AWARD.

12/18/2006: USDC,EDLA CIVIL ACTION 06-2509 (ADAMS,ET AL V. SECURITIES AMERICA, INC.) WAS SETTLED BETWEEN PARTIES FOR APPROXIMATELY \$1,400,000.00 LESS ON ATTORNEYS FEES AND PUNITIVE DAMAGES THAN WHAT WAS AWARDED BY NASD CASE 03-05687.



Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: SECURITIES AMERICA, INC.

Allegations: NO DATE WAS SPECIFIED OTHER THAN "OVER SEVERAL YEARS" RETIREES OF EXXON MOBILE RELIED ON MR. MCFADDEN'S FINANCIAL PLANNING KNOWLEDGE TO MANAGE THEIR RETIREMENT ASSETS. CLIENTS ALLEGE UNSUITABLE TRANSACTIONS. COMPENSATORY DAMAGE AMOUNT UNSPECIFIED.

Product Type: Annuity(ies) - Variable

Other Product Type(s): EQUITIES, MUTUAL FUNDS

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 09/19/2003

Complaint Pending? No

Status: Arbitration/Reparation

Status Date: 09/19/2003

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [NASD CLAIM NO. 03-05687](#)

Date Notice/Process Served: 09/19/2003

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 05/15/2006

Monetary Compensation Amount: \$22,106,735.76

Individual Contribution Amount: \$0.00

**Firm Statement**

MR. MCFADDEN DENIES THE ALLEGATIONS OF THIS CLAIM. HE FOLLOWED THE PLANS REGARDING INVESTMENTS AGREED UPON BY THE CLIENTS THAT WERE DISCUSSED IN NUMEROUS CLIENT MEETINGS AND PHONE CONVERSATION. CLIENTS WERE ALWAYS GIVEN OPPORTUNITY IF THEY WANTED TO CHANGE THEIR INVESTMENT STRATEGY. CLIENT INSTRUCTIONS WERE FOLLOWED AND CHANGES MADE IF REQUESTED. ON JUNE 14, 2006 SECURITIES AMERICA, INC. AND MCFADDEN FILED A MOTION TO VACATE THIS AWARD.

Reporting Source:

Broker

Employing firm when activities occurred which led to the complaint:

SECURITIES AMERICA, INC

Allegations:

NO DATE WAS SPECIFIED OTHER THAN "OVER SEVERAL YEARS" RETIREES OF EXXON MOBILE OIL COMPANY RELIED ON MR. MCFADDEN'S FINANCIAL PLANNING KNOWLEDGE TO MANAGE THEIR RETIREMENT ASSETS. CLIENTS ALLEGE THE TRANSACTIONS CONDUCTED IN THEIR ACCOUNTS WERE NOT SUITABLE.

Product Type:

Annuity(ies) - Variable

Other Product Type(s):

EQUITIES, MUTUAL FUNDS

Alleged Damages:

\$5,001.00

Customer Complaint Information**Date Complaint Received:**

09/19/2003

Complaint Pending?

No

Status:

Arbitration/Reparation

Status Date:

09/19/2003

Settlement Amount:**Individual Contribution Amount:****Arbitration Information****Arbitration/Reparation Claim filed with and Docket/Case No.:**[NASD CLAIM NO. 03-05687](#)**Date Notice/Process Served:**

09/19/2003



Arbitration Pending?	No
Disposition:	Award to Customer
Disposition Date:	05/15/2006
Monetary Compensation Amount:	\$22,106,735.76
Individual Contribution Amount:	\$0.00
Broker Statement	MR. MCFADDEN DENIES ALL ALLEGATIONS OF THIS CLAIM. HE FOLLOWED THE PLANS REGARDING INVESTMENTS AGREED UPON BY THE CLIENTS THAT WERE DISCUSSED IN NUMEROUS CLIENT MEETINGS AND PHONE CONVERSATIONS. CLIENTS WERE ALWAYS GIVEN OPPORTUNITY IF THEY WANTED TO CHANGE THEIR INVESTMENT STRATEGY. CLIENT INSTRUCTIONS WERE FOLLOWED AND CHANGES MADE IF REQUESTED. ON JUNE 14, 2006 SAI AND MCFADDEN FILED A MOTION TO VACATE THIS AWARD.

End of Report



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