

BrokerCheck Report

THADDEUS JAMES NORTH

CRD# 2100909

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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:

- o 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
- o 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.



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)

Thank you for using FINRA BrokerCheck.

THADDEUS J. NORTH

CRD# 2100909

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:

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

Registration History

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

- B KUHNS BROTHERS SECURITIES CORPORATION**
CRD# 47331
LAKEVILLE, CT
01/2013 - 12/2017
- B OCEAN CROSS CAPITAL MARKETS LLC**
CRD# 156256
WESTPORT, CT
08/2011 - 01/2013
- B SOUTHRIDGE INVESTMENT GROUP LLC**
CRD# 45531
RIDGEFIELD, CT
02/2008 - 08/2011

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	2

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.

This individual has passed 4 principal/supervisory exams, 3 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
B Registered Options Principal Examination	Series 4	06/04/2008
B General Securities Principal Examination	Series 24	09/09/2005
B General Securities Sales Supervisor - Options Module Examination	Series 9	06/01/2004
B General Securities Sales Supervisor - General Module Examination	Series 10	04/27/2004

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination	SIE	12/28/2017
B Limited Representative-Equity Trader Exam	Series 55	08/19/2000
B General Securities Representative Examination	Series 7	12/06/1997

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	02/07/1998

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 01/2013 - 12/2017	KUHNS BROTHERS SECURITIES CORPORATION	47331	LAKEVILLE, CT
B 08/2011 - 01/2013	OCEAN CROSS CAPITAL MARKETS LLC	156256	WESTPORT, CT
B 02/2008 - 08/2011	SOUTHRIDGE INVESTMENT GROUP LLC	45531	RIDGEFIELD, CT
B 08/2008 - 10/2009	MAY DAVIS PARTNERS, LLC	140988	NEW YORK, NY
B 02/2005 - 02/2008	WESTPORT RESOURCES INVESTMENT SERVICES, INC.	24535	WESTPORT, CT
B 01/1998 - 01/2005	OPPENHEIMER & CO. INC.	249	NEW YORK, NY
B 12/1997 - 12/1997	MURPHEY, MARSEILLES, SMITH & NAMMACK, INC.	18032	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
01/2013 - Present	KUHNS BROTHERS SECURITY CORPORATION	CHIEF COMPLIANCE OFFICER	Y	LAKEVILLE, CT, United States
01/2011 - 01/2013	NORTHERN COMPLIANCE LLC	COMPLIANCE CONSULTANT	Y	BROOKFIELD, CT, United States
01/2011 - 01/2013	OCEAN CROSS CAPITAL MARKETS LLC	CHIEF COMPLIANCE OFFICER	Y	WESTPORT, CT, United States
01/2011 - 01/2013	OCEAN CROSS WEALTH MANAGEMENT LLC	CHIEF COMPLIANCE OFFICER	Y	WESTPORT, CT, United States
02/2008 - 08/2011	SOUTHRIDGE INVESTMENT GROUP LLC	CHIEF COMPLIANCE OFFICER	Y	RIDGEFIELD, CT, United States



Registration and Employment History

Employment History, continued

Employment	Employer Name	Position	Investment Related	Employer Location
02/2008 - 08/2011	SOUTHRIDGE WEALTH MANAGEMENT LLC	CHIEF COMPLIANCE OFFICER	Y	RIDGEFIELD, CT, 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.

KUHNS BROTHERS AND CO. NOT BUSINESS RELATED. CLERICAL BUSINESS. SEARCHING FOR NEW BUSINESS OPPORTUNITIES. NO TITLE. START DATE APRIL 2015. Bougainville Fund Management LLC A company that advises a company in the Autonomous region of Bougainville, Papua New Guinea managing a portfolio of businesses



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:**
 - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - o 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.
 - o
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o 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.
 - o
4. **There are different statuses and dispositions for disclosure events:**
 - o 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.
 - o 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	0	2



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 - On Appeal

This type of disclosure event may involve (1) a 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 that is currently on appeal; or (2) a revocation or suspension of a broker's authority to act as an attorney, accountant, or federal contractor that is currently on appeal.

Disclosure 1 of 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: N/A
Date Initiated:	10/24/2013
Docket/Case Number:	2012030527503
Employing firm when activity occurred which led to the regulatory action:	OCEAN CROSS CAPITAL MARKETS, LLC
Product Type:	No Product
Allegations:	FINRA RULE 2010 AND NASD RULE 3010:

AMONG HIS DUTIES AS THE FIRM'S CHIEF COMPLIANCE OFFICER (CCO), NORTH WAS RESPONSIBLE FOR CONDUCTING THE FIRM'S REVIEW OF ELECTRONIC CORRESPONDENCE, OR EMAIL. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) REGARDING THE REVIEW OF ELECTRONIC CORRESPONDENCE REQUIRED THE DESIGNATED PRINCIPAL, WHO IN THIS CASE WAS NORTH, TO REVIEW AN APPROPRIATELY SIZED SAMPLE OF INCOMING AND OUTGOING E-MAIL / IM CORRESPONDENCE; OR REVIEW ANY EMAILS/IMS FLAGGED BY FILTERING SOFTWARE (IF UTILIZED) ON A DAILY BASIS. THE WSPS FURTHER



REQUIRED THE DESIGNATED PRINCIPAL TO MAINTAIN ALL REVIEWED EMAILS/IM IN A SEPARATE FOLDER (ELECTRONIC OR HARD COPY); INITIAL AND DATE ELECTRONIC CORRESPONDENCE REVIEW LOG; INITIAL AND MAINTAIN RECORD OF ANY FINDINGS AND ACTIONS TAKEN (AS APPROPRIATE). THE FIRM, ACTING THROUGH NORTH, FAILED TO ENFORCE ITS WSPS REGARDING THE REVIEW OF THE FIRM'S ELECTRONIC CORRESPONDENCE AND THE RECORDING OF SUCH REVIEW. NORTH FAILED TO ENFORCE THE FIRM'S WSPS IN THAT HE DID NOT INITIAL AND DATE AN ELECTRONIC CORRESPONDENCE REVIEW LOG.

Current Status:	On Appeal
Action Appealed To:	Federal Court
Date Appeal filed:	12/27/2019
Appeal Limitation Details:	
Resolution:	Decision
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:	12/27/2019
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?

Regulator Statement

HEARING PANEL DECISION RENDERED JULY 23, 2015 WHEREIN NORTH IS FINED \$5,000. THE SANCTION WAS BASED ON FINDINGS THAT NORTH FAILED TO ENFORCE HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) REGARDING OVERSIGHT OF ELECTRONIC COMMUNICATIONS. THE FINDINGS STATED THAT NORTH ASSUMED THE RESPONSIBILITY FOR REVIEWING THE FIRM'S ELECTRONIC COMMUNICATIONS AFTER HE RECOGNIZED RED FLAGS INDICATING THAT ANOTHER PRINCIPAL WAS NOT CONDUCTING THE REQUIRED REVIEWS. IN AN EFFORT TO COMPLY WITH THE WSPS, NORTH CONDUCTED OCCASIONAL, RANDOM REVIEWS OF ELECTRONIC COMMUNICATIONS, BUT NOT ENOUGH TO COMPLY WITH THE REQUIREMENTS OF THE FIRM'S OWN WSPS.

ON AUGUST 17, 2015, NORTH APPEALED THE DECISION TO THE NAC. THE SANCTION IS NOT IN EFFECT PENDING THE REVIEW.

NAC decision rendered August 3, 2017 wherein North was fined \$5,000, ordered to pay hearing costs in the amount of \$1,985.99, and ordered to pay appeal costs of \$1,582.18. The sanction was based on findings that North failed to enforce his member firm's WSPs regarding the review of electronic communications. The findings stated that North assumed the responsibility for reviewing the firm's electronic communications after he recognized red flags indicating that another principal was not conducting the required reviews. In an effort to comply with the WSPs, North conducted occasional, random reviews of electronic communications, but not enough to comply with the requirements of the firm's WSPs.

SEC decision rendered November 27, 2019 wherein North is fined \$5,000. The SEC affirmed the NAC's findings and sanction imposed. On December 27, 2019, North appealed the SEC decision to the U.S. Court of Appeals for the District of



Columbia Circuit. The sanction is not in effect pending review.

Reporting Source: Broker

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 10/24/2013

Docket/Case Number: [2012030527503](#)

Employing firm when activity occurred which led to the regulatory action: OCEAN CROSS CAPITAL MARKETS LLC

Product Type: No Product

Allegations: THIS CASE DIRECTLY RELATES TO A PENDING CASE, REGULATORY ACTION(1665654) DOCKET NUMBER 2010025087302. AFTER LEAVING HIS PREVIOUS EMPLOYMENT, MR. NORTH WENT TO A NEW FIRM AND IS NOW BEING CHARGED WITH THE VIRTUALLY THE SAME CHARGE AS THE PREVIOUS FIRM. MR. NORTH WAS THE CCO OF THE MONTHS OLD NEW FIRM AND DID INDEED CAPTURE, ARCHIVE AND REVIEW EMAILS. ALL EMAIL REVIEWS CONTAINED ELECTRONIC SIGNATURES AND DATES OF SUCH REVIEWS. IN BOTH CHARGES THERE WERE NO CUSTOMERS HURT, NO VICTIMS, NO CHARGES OF DISHONEST CONDUCT OR WILLFUL MISCONDUCT. ENFORCEMENT EVEN AGREES THAT MR. NORTH NEVER ACTED WITH DISHONESTY, ILL INTENT OR IN MALICE IN ANY WAY SHAPE OR FORM. IN FACT MR. NORTH WAS THE ONLY PERSON RUNNING THE FIRM I.E OPERATIONS, TRADING, NEW ACCOUNTS, COMPLIANCE ETC. NEITHER CHARGE WARRANT DISCIPLINARY ACTION WHATSOEVER. THIS CHARGE IS THE RESULT OF A ROUTINE EXAMINATION OF A BRAND NEW FINRA FIRM. NORMALLY A FINDING OF THIS NATURE, ESPECIALLY FOR A NEWLY FORMED FIRM WOULD BE SETTLED WITH A LETTER OF CAUTION AT BEST. THIS ADDITIONAL CHARGE IS EVIDENTLY RELATED TO THE PREVIOUS CHARGE AND FINRA ENFORCEMENT APPEARS TO HAVE ULTERIOR MOTIVES FOR BRINGING SUCH AN INSUBSTANTIAL FLIMSY CHARGE.

Current Status: On Appeal

Action Appealed To: SEC

Date Appeal filed: 08/30/2017

**Appeal Limitation Details:****Resolution:** ON APPEAL**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:** 08/04/2017**Broker Statement**

HEARING PANEL DECISION RENDERED JULY 23, 2015 WHEREIN NORTH IS FINED \$5,000. THE SANCTION WAS BASED ON FINDINGS THAT NORTH FAILED TO ENFORCE HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) REGARDING OVERSIGHT OF ELECTRONIC COMMUNICATIONS. THE FINDINGS STATED THAT NORTH ASSUMED THE RESPONSIBILITY FOR REVIEWING THE FIRM'S ELECTRONIC COMMUNICATIONS AFTER HE RECOGNIZED RED FLAGS INDICATING THAT ANOTHER PRINCIPAL WAS NOT CONDUCTING THE REQUIRED REVIEWS. IN AN EFFORT TO COMPLY WITH THE WSPS, NORTH CONDUCTED OCCASIONAL, RANDOM REVIEWS OF ELECTRONIC COMMUNICATIONS, BUT NOT ENOUGH TO COMPLY WITH THE REQUIREMENTS OF THE FIRM'S OWN WSPS. IF NO FURTHER ACTION IS TAKEN THE DECISION WILL BECOME FINAL SEPTEMBER 9, 2015.

RESPONDENT WILL FILE AN APPEAL. HEARING PANEL OVERLOOKED THE FACTS IN THE CASE.

Disclosure 2 of 2**Reporting Source:** Regulator**Regulatory Action Initiated By:** FINRA**Sanction(s) Sought:** Other: N/A**Date Initiated:** 07/15/2013**Docket/Case Number:** [2010025087302](#)**Employing firm when activity occurred which led to the regulatory action:** SOUTHRIDGE INVESTMENT GROUP, LLC**Product Type:** Debt-Government



Debt-Municipal
Other: UNSPECIFIED SECURITIES

Allegations:

FINRA RULES 2010, 4530(A)(1)(H), NASD RULES 3010(A), 3010(B), 3010(D), 3070(A)(9); WILLFULLY VIOLATED MSRB RULES G-17, G-27(A), G-27(B), G-27(C) AND G-27(E): NORTH, WHO WAS THE CHIEF COMPLIANCE OFFICER (CCO) AT HIS MEMBER FIRM, WAS RESPONSIBLE FOR ENSURING THAT THE FIRM HAD APPROPRIATE POLICIES AND PROCEDURES IN PLACE WITH RESPECT TO ELECTRONIC CORRESPONDENCE, WAS RESPONSIBLE FOR REVIEWING THE FIRM'S ELECTRONIC CORRESPONDENCE, AND WAS THE PRINCIPAL RESPONSIBLE FOR THE FIRM'S REPORTING OBLIGATIONS TO FINRA. A REGISTERED REPRESENTATIVE OF THE FIRM IN CONNECTION WITH HER SECURITIES BUSINESS, AIDED AND ABETTED A PRIMARY SECURITIES LAW VIOLATION BY ENABLING AN INDIVIDUAL TO OPERATE AS AN UNREGISTERED PERSON AND CIRCUMVENT THE REGISTRATION REQUIREMENTS OF SECTIONS 15(A)(1), 15B(A), AND 15C(A) OF THE SECURITIES EXCHANGE ACT OF 1934, EVEN THOUGH SHE KNEW HE WAS STATUTORILY DISQUALIFIED, NOT REGISTERED WITH FINRA, AND NOT ASSOCIATED WITH ANY MEMBER FIRM. BOTH NORTH AND ANOTHER PRINCIPAL OF THE FIRM WERE RESPONSIBLE FOR ESTABLISHING, MAINTAINING AND ENFORCING SUPERVISORY CONTROLS AND PROCEDURES. NORTH KNEW, OR SHOULD HAVE KNOWN, ABOUT THE REPRESENTATIVE'S BUSINESS RELATIONSHIP WITH THE UNREGISTERED INDIVIDUAL AT A CERTAIN TIME. NORTH ALSO LATER BECAME AWARE OF THE SERVICE AGREEMENT BETWEEN THESE PERSONS BECAUSE OF INQUIRES MADE BY FINRA DURING AN EXAMINATION OF THE FIRM. FURTHER, IN CONNECTION WITH AN ADDITIONAL INQUIRY BY FINRA, NORTH AND THE FIRM'S CEO DISCUSSED THE REPRESENTATIVE AND THE NON-REGISTERED PERSON'S BUSINESS RELATIONSHIP IN ADDITIONAL DETAIL. AT NO POINT DID NORTH REPORT TO FINRA THAT THE REPRESENTATIVE WAS ASSOCIATED IN A BUSINESS OR FINANCIAL ACTIVITY AND THE SALE OF A FINANCIAL INSTRUMENT, THE PROVISION OF INVESTMENT ADVICE, AND/OR THE FINANCING OF ANY SUCH ACTIVITIES WITH A STATUTORILY DISQUALIFIED PERSON. NORTH FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS AND WITH NASD, FINRA, AND MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULES. SPECIFICALLY, NORTH FAILED TO ESTABLISH PROCEDURES THAT WERE APPROPRIATE FOR THE REVIEW OF ELECTRONIC CORRESPONDENCE. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) WERE INADEQUATE BECAUSE THEY DID NOT SPECIFICALLY ADDRESS THE METHOD FOR REVIEW OR THE FREQUENCY OF REVIEW. AS A RESULT, NORTH WILLFULLY VIOLATED MSRB RULES G-17, G-27(B) AND (E). NORTH FAILED TO IMPLEMENT APPROPRIATE REVIEW OF FIRM EMAILS AND



BLOOMBERG EMAIL MESSAGES. AT VARIOUS TIMES, NORTH FLAGGED VARIOUS ELECTRONIC CORRESPONDENCE FOR FOLLOW-UP INQUIRY BUT FAILED TO CONDUCT SUCH ADDITIONAL INQUIRY AND INSUFFICIENTLY REVIEWED FIRM EMAILS. NORTH FAILED COMPLETELY TO CONDUCT ANY REVIEW OF THE REPRESENTATIVE'S BLOOMBERG EMAIL MESSAGES. AT NO POINT DID NORTH, AS CCO, DO ANYTHING TO INDEPENDENTLY VERIFY THE SCOPE OF THE REPRESENTATIVE'S RELATIONSHIP WITH THE NON-REGISTERED PERSON OR HIS BUSINESS, OR OTHERWISE FOLLOW-UP ON ANY RED-FLAGS THAT SHOULD HAVE PUT HIM ON NOTICE TO HEIGHTEN HIS EMAIL REVIEW OF THE REPRESENTATIVE. NORTH SPECIFICALLY FAILED TO IMPLEMENT HEIGHTENED REVIEW OF THE REPRESENTATIVE'S FIRM EMAIL OR CONDUCT ANY REVIEW OF HER BLOOMBERG EMAIL. AS A RESULT, NORTH WILLFULLY VIOLATED MSRB RULES G-27(A) AND (C), AND MSRB RULE G-17.

Current Status:	On Appeal
Action Appealed To:	Federal Court
Date Appeal filed:	12/27/2018
Appeal Limitation Details:	
Resolution:	Pending Appeal
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:	10/29/2018
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

Regulator Statement

Hearing Panel decision rendered December 1, 2015 wherein North is censured, fined a total of \$40,000, suspended from association with any FINRA member in any principal capacity for 30 business days for failing to report a relationship with a statutorily disqualified person, suspended from association with any FINRA member in any principal capacity for two months for failing to adequately review electronic correspondence in willful violation of MSRB Rules G-17 and G-27(a) and (c), and ordered to pay costs of \$4,404.51. The suspensions shall run consecutively. The sanctions were based on findings that while CCO at his firm, North failed to report to FINRA that an associated person at his firm was involved in a variety of business activities with a statutorily disqualified person. The findings stated that North should have known of these relationships and should have followed up by seeking all relevant details of the associated persons' relationship with the company owned by the statutorily disqualified person. The findings also stated that North failed to establish, maintain and enforce a reasonable supervisory system regarding review of electronic correspondence. North did not review any Bloomberg communications and his email reviews were infrequent and insufficient. North's email review was also inadequate with respect to the associated person, in particular. Once North had learned of the associated person's business relationship with the statutorily disqualified individual, he should have conducted due diligence to learn the scope of it. This due diligence should have included conducting a heightened review of the associated person's electronic communications, given that he was the CCO and responsible under the written supervisory procedures for regulatory reporting and email review. North's failure to subject the associated person's electronic communications to a heightened review was unreasonable. As a result, North willfully violated MSRB Rules G-17 and G-27(a), (b), (c) and (e). The charge that North violated FINRA Rule 4530(a)(1)(H) was dismissed. On December 24, 2015, North appealed to the



National Adjudicatory Council (NAC). The sanctions are not in effect pending the appeal. NAC Decision rendered March 15, 2017 wherein the sanctions and findings were modified. North was fined \$40,000, suspended in all principal and supervisory capacities for 30-business-days, followed by a two-month suspension in all principal and supervisory capacities. North must also pay hearing costs of \$4,404.51 plus appeal costs of \$1,536.89. The NAC affirmed the Hearing Panel's finding that North failed to report an associated person at his firm relationship with a statutorily disqualified person. The NAC affirmed the Hearing Panel's finding that North failed to establish and maintain a reasonable supervisory system for the review of electronic correspondence and concludes that North's violation of MSRB Rule G-27 was willful. However, the NAC found that North's misconduct did not willfully violate MSRB G-17, as found in the Hearing Panel Decision. As the result of his willful violations of MSRB rules, North is statutorily disqualified. The sanctions are not in effect. On April 3, 2017, North appealed the decision to the SEC. The sanctions are not in effect pending the review. SEC decision rendered October 29, 2018 wherein the findings made are held and the sanctions imposed by the NAC are sustained. On December 27, 2018, North appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit. The sanctions are not in effect pending the review.

Reporting Source:	Broker
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: N/A
Date Initiated:	07/15/2013
Docket/Case Number:	2010025087302
Employing firm when activity occurred which led to the regulatory action:	SOUTHRIDGE INVESTMENT GROUP
Product Type:	Debt-Government Debt-Municipal
Allegations:	ALLEGATIONS PERTAIN TO ACTIONS OF AN INDIVIDUAL AT ANOTHER BRANCH LOCATION NOT SUPERVISED BY MR. NORTH. ALLEGATIONS AGAINST MR. NORTH ARE IN RELATION TO THE REVIEW OF ELECTRONIC CORRESPONDENCE, PROCEDURES AND REPORTING REQUIREMENTS. MR. NORTH MAINTAINS THAT THE ALLEGATIONS ARE FALSE.
Current Status:	On Appeal



Action Appealed To:	SEC
Date Appeal filed:	04/03/2017
Appeal Limitation Details:	NAC decision to be stayed until appeal is final.
Resolution:	fine and suspension
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:	03/15/2017
Broker Statement	Decision to be appealed to SEC.

End of Report



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