

BrokerCheck Report

JOHN EDWARD WATSON

CRD# 2186346

<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.

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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)

JOHN E. WATSON

CRD# 2186346

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:

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

Registration History

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

- B SUMMIT BROKERAGE SERVICES, INC.**
CRD# 34643
OSAGE BEACH, MO
10/2011 - 09/2013
- B J.W. COLE FINANCIAL, INC.**
CRD# 124583
OSAGE BEACH, MO
05/2011 - 10/2011
- B SECURITIES AMERICA, INC.**
CRD# 10205
BLOOMINGTON, IL
07/2005 - 02/2011

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	2

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

Principal/Supervisory Exams

Exam	Category	Date
B General Securities Principal Examination	Series 24	03/18/1997

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	11/27/1996
B Investment Company Products/Variable Contracts Representative Examination	Series 6	12/05/1991

State Securities Law Exams

Exam	Category	Date
IA Uniform Investment Adviser Law Examination	Series 65	09/25/1998
B Uniform Securities Agent State Law Examination	Series 63	02/24/1992

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.



Broker Qualifications

Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 10/2011 - 09/2013	SUMMIT BROKERAGE SERVICES, INC.	34643	OSAGE BEACH, MO
B 05/2011 - 10/2011	J.W. COLE FINANCIAL, INC.	124583	OSAGE BEACH, MO
B 07/2005 - 02/2011	SECURITIES AMERICA, INC.	10205	BLOOMINGTON, IL
B 12/1991 - 08/2005	LINCOLN FINANCIAL ADVISORS CORPORATION	3978	FORT WAYNE, IN
B 12/1991 - 08/2005	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	2580	FORT WAYNE, IN

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
09/2011 - Present	SUMMIT BROKERAGE SERVICES	REG REP	Y	OSAGE BEACH, MO, United States
09/2011 - Present	SUMMIT FINANCIAL GROUP INC	IA REP	Y	OSAGE BEACH, MO, United States
09/1991 - Present	THE LINCOLN NATIONAL LIFE INSURANCE COMPANY	NOT PROVIDED	Y	ROANOKE, IL, 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	2	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 2

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 10/14/2013

Docket/Case Number: [2011026623101](#)

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

Product Type: Annuity-Variable

Allegations: FINRA BY-LAWS ARTICLE V, SECTION 2, FINRA RULE 2010, NASD RULES 2110, 2310, 3110: WATSON PROVIDED INCORRECT INFORMATION TO HIS MEMBER FIRM AND TO CUSTOMERS IN CONNECTION WITH VARIABLE ANNUITY PURCHASE AGREEMENT ACKNOWLEDGEMENT (VAPA) FORMS SUBMITTED TO THE FIRM TO EFFECTUATE ANNUITY SWITCHES. THESE VAPA FORMS WERE SIGNED AND ACKNOWLEDGED BY THE CUSTOMERS AND WERE SUBMITTED TO THE FIRM FOR APPROVAL OF THE TRANSACTIONS. AS SUCH, THEY CONSTITUTED MISREPRESENTATIONS TO THE FIRM AND TO THE CUSTOMERS. THE INCORRECT VAPA FORMS, WHICH WATSON CAUSED, ALSO CAUSED THE FIRM'S BOOKS AND RECORDS TO BE INACCURATE. WITH RESPECT TO ONE OF THE CUSTOMERS, THE ANNUITY TRANSACTIONS RESULTED IN UNREASONABLE SURRENDER CHARGES AND AN EXCESSIVE CONCENTRATION OF ANNUITIES IN THE CUSTOMER'S PORTFOLIO, WHICH WAS UNSUITABLE FOR THE CUSTOMER. WATSON WAS MADE AWARE OF A JUDGMENT ENTERED AGAINST HIM IN THE AMOUNT OF \$147,967.90, PLUS INTEREST, COSTS AND FEES, AND HE FAILED TO DISCLOSE THE JUDGMENT TO HIS FIRM AND ON HIS FORM U4 UNTIL SIX MONTHS AFTER.

Current Status: Final



Resolution: Acceptance, Waiver & Consent(AWC)

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Resolution Date: 10/14/2013

Sanctions Ordered: Civil and Administrative Penalty(ies)/Fine(s)
Suspension

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 2

Sanction Type:	Suspension
Capacities Affected:	A PRINCIPAL CAPACITY
Duration:	24 MONTHS
Start Date:	10/21/2013
End Date:	10/20/2015

Sanction 2 of 2



Sanction Type: Suspension
Capacities Affected: ANY CAPACITY
Duration: SIX MONTHS
Start Date: 10/21/2013
End Date: 04/20/2014

Monetary Sanction 1 of 1

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)

Total Amount: \$10,000.00

Portion Levied against individual: \$10,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, WATSON CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, HE IS FINED \$10,000, SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ANY CAPACITY FOR SIX MONTHS, AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN IN A PRINCIPAL CAPACITY FOR 24 MONTHS. THE SUSPENSIONS ARE TO RUN CONCURRENTLY. THE FINE IS DUE AND PAYABLE EITHER IMMEDIATELY UPON RE-ASSOCIATION WITH A MEMBER FIRM FOLLOWING HIS SIX MONTHS SUSPENSION OR PRIOR TO ANY APPLICATION OR REQUEST FOR RELIEF FROM ANY STATUTORY DISQUALIFICATION RESULTING FROM THIS OR ANY OTHER EVENT OR PROCEEDING, WHICHEVER IS EARLIER. THE SUSPENSION IN ANY CAPACITY IS IN EFFECT FROM OCTOBER 21, 2013, THROUGH APRIL 20, 2014. THE SUSPENSION IN A PRINCIPAL CAPACITY IS IN EFFECT FROM OCTOBER 21, 2013, THROUGH OCTOBER 20, 2015.

Disclosure 2 of 2

Reporting Source: Regulator



Regulatory Action Initiated By: STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT

Sanction(s) Sought: Revocation
Other: NOTICE OF HEARING

Date Initiated: 11/19/2012

Docket/Case Number: 1100218

URL for Regulatory Action:

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

Product Type: Annuity-Fixed
Annuity-Variable

Allegations: FRAUD - WATSON SOLD UNSUITABLE ANNUITIES

Current Status: Final

Limitation Details: PENDING HEARING SET FOR 1/23/2012

Resolution: Stipulation and Consent

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Resolution Date: 05/30/2014

Sanctions Ordered: Monetary Penalty other than Fines
Prohibition
Revocation
Other: CONSENT ORDER OF PROHIBITION, REVOCATION \$1500 FINE (PAID IN FULL)

Monetary Sanction 1 of 1

Monetary Related Sanction: Monetary Penalty other than Fines

Total Amount: \$1,500.00

Portion Levied against individual: \$1,500.00



Payment Plan: PAID IN FULL

Is Payment Plan Current: Yes

Date Paid by individual: 05/30/2014

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement NOTICE OF HEARING WAS ISSUED NOVEMBER 19, 2012. THE HEARING IS SCHEDULED FOR JANUARY 23, 2012. QUESTIONS AND INFORMATION SHOULD BE DIRECTED TO JIM TIERNEY @ 312-793-9650

Reporting Source: Firm

Regulatory Action Initiated By: STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT

Sanction(s) Sought: Other: NOTICE OF HEARING

Date Initiated: 11/19/2012

Docket/Case Number: 110218

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

Product Type: Annuity-Fixed
Annuity-Variable

Allegations: FRAUD - WATSON SOLD UNSUITABLE ANNUITIES

Current Status: Pending

Limitation Details: PENDING HEARING SET FOR 1/23/2012

Firm Statement NOTICE OF HEARING WAS ISSUED NOVEMBER 19, 2012. THE HEARING IS SCHEDULED FOR JANUARY 23, 2012. QUESTIONS AND INFORMATION SHOULD BE DIRECTED TO JIM TIERNEY @ 312-793-9650

Reporting Source: Broker

Regulatory Action Initiated By: STATE OF ILLINOIS, ILLINOIS SECURITIES DEPARTMENT

Sanction(s) Sought: Other: NOTICE OF HEARING



Date Initiated: 11/19/2012

Docket/Case Number: 1100218

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

Product Type: Annuity-Fixed
Annuity-Variable

Allegations: FRAUD - WATSON SOLD UNSUITABLE ANNUITIES

Current Status: Pending

Broker Statement NOTICE OF HEARING WAS ISSUED NOVEMBER 19, 2012. THE HEARING IS SCHEDULED FOR JANUARY 23, 2012. QUESTIONS AND INFORMATION SHOULD BE DIRECTED TO JIM TIERNEY @ 312-793-9650

End of Report



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