

## BrokerCheck Report

**LEE SCOTT STEORTS**

CRD# 2214865

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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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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).

**LEE S. STEORTS**

CRD# 2214865

**Currently employed by and registered with the following Firm(s):**

**IA NBC SECURITIES, INC.**  
 BOUNTIFUL, UT  
 CRD# 17870  
 Registered with this firm since: 07/23/2015

**B NBC SECURITIES, INC.**  
 18-22 BANK STREET  
 SUITE 108  
 SUMMIT, NJ 07901  
 CRD# 17870  
 Registered with this firm since: 07/27/2015

**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
- 10 U.S. states and territories

**This broker has passed:**

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

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

**B JHS CAPITAL ADVISORS, LLC**  
 CRD# 112097  
 BOUNTIFUL, UT  
 04/2012 - 07/2015

**IA JHS CAPITAL ADVISORS, LLC**  
 CRD# 112097  
 TAMPA, FL  
 04/2012 - 07/2015

**B PAULSON INVESTMENT COMPANY, INC.**  
 CRD# 5670  
 BOUNTIFUL, UT  
 11/2007 - 04/2012

**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
Customer Dispute	8



## 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 10 U.S. states and territories through his or her employer.**

### Employment 1 of 1

Firm Name: **NBC SECURITIES, INC.**

Main Office Address: **1927 1ST AVENUE NORTH  
BIRMINGHAM, AL 35203-0686**

Firm CRD#: **17870**

	SRO	Category	Status	Date
B	FINRA	General Securities Representative	Approved	07/27/2015

	U.S. State/ Territory	Category	Status	Date
B	Arizona	Agent	Approved	07/27/2015
IA	Arizona	Investment Adviser Representative	Approved	08/07/2015
IA	California	Investment Adviser Representative	Approved	07/23/2015
B	California	Agent	Approved	07/27/2015
B	Colorado	Agent	Approved	10/01/2015
IA	Colorado	Investment Adviser Representative	Approved	10/01/2015
B	Idaho	Agent	Approved	07/28/2015
IA	Idaho	Investment Adviser Representative	Approved	07/28/2015
IA	Louisiana	Investment Adviser Representative	Approved	11/09/2018
B	Louisiana	Agent	Approved	11/13/2018
B	Nevada	Agent	Approved	07/27/2015
IA	Nevada	Investment Adviser Representative	Approved	08/24/2015

## Broker Qualifications



### Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	Pennsylvania	Agent	Approved	07/28/2015
IA	Pennsylvania	Investment Adviser Representative	Approved	07/28/2015
B	Texas	Agent	Approved	01/13/2023
IA	Utah	Investment Adviser Representative	Approved	07/23/2015
B	Utah	Agent	Approved	07/27/2015
B	Wyoming	Agent	Approved	07/27/2015

### Branch Office Locations

**NBC SECURITIES, INC.**  
BOUNTIFUL, UT

**NBC SECURITIES, INC.**  
18-22 BANK STREET  
SUITE 108  
SUMMIT, NJ 07901



## 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 0 principal/supervisory exams, 2 general industry/product exams, and 3 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

### General Industry/Product Exams

Exam	Category	Date
<b>B</b> Securities Industry Essentials Examination	SIE	10/01/2018
<b>B</b> General Securities Representative Examination	Series 7	03/20/1992

### State Securities Law Exams

Exam	Category	Date
<b>B</b> <b>IA</b> Uniform Combined State Law Examination	Series 66	04/18/2009
<b>IA</b> Uniform Investment Adviser Law Examination	Series 65	04/08/1992
<b>B</b> Uniform Securities Agent State Law Examination	Series 63	03/27/1992

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/](http://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>B</b> 04/2012 - 07/2015	JHS CAPITAL ADVISORS, LLC	112097	BOUNTIFUL, UT
<b>IA</b> 04/2012 - 07/2015	JHS CAPITAL ADVISORS, LLC	112097	BOUNTIFUL, UT
<b>B</b> 11/2007 - 04/2012	PAULSON INVESTMENT COMPANY, INC.	5670	BOUNTIFUL, UT
<b>IA</b> 11/2007 - 04/2012	PAULSON INVESTMENT COMPANY, INC.	5670	BOUNTIFUL, UT
<b>B</b> 10/2002 - 11/2007	INVESTMENT MANAGEMENT CORPORATION	37196	BOUNTIFUL, UT
<b>IA</b> 09/2002 - 11/2007	INVESTMENT MANAGEMENT CORPORATION	37196	BOUNTIFUL, UT
<b>IA</b> 12/1994 - 08/2002	PRUDENTIAL SECURITIES INCORPORATED	7471	SALT LAKE CITY, UT
<b>B</b> 07/1994 - 08/2002	PRUDENTIAL SECURITIES INCORPORATED	7471	NEW YORK, NY
<b>B</b> 03/1992 - 07/1994	PAINWEBBER INCORPORATED	8174	WEEHAWKEN, NJ

### 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
07/2015 - Present	NBC SECURITIES, INC.	FINANCIAL CONSULTANT	Y	BOUNTIFUL, UT, 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.

No information reported.



## Registration and Employment History



## 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.
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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
Customer Dispute	0	8	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

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	UTAH DIVISION OF SECURITIES
<b>Sanction(s) Sought:</b>	Disgorgement
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	02/19/2009
<b>Docket/Case Number:</b>	SD-09-0012
<b>Employing firm when activity occurred which led to the regulatory action:</b>	INVESTMENT MANAGEMENT CORPORATION (CRD #37196)
<b>Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNREGISTERED PROMISSORY NOTES
<b>Allegations:</b>	THE DIVISION ALLEGED: THE PROMISSORY NOTES STEORTS OFFERED AND SOLD TO INVESTORS ARE SECURITIES UNDER SECTION 61-1-13 OF THE UTAH UNIFORM SECURITIES ACT ("ACT"); THE SECURITIES WERE NOT REGISTERED WITH THE DIVISION IN VIOLATION OF SECTION 61-1-7 OF THE ACT AND DID NOT QUALIFY FOR AN EXEMPTION FROM REGISTRATION; AND STEORTS VIOLATED SECTION 61-1-1(2) OF THE ACT BY MAKING MISREPRESENTATIONS OF MATERIAL FACTS AND OMITTING TO STATE MATERIAL FACTS (AS REFERENCED IN THE STIPULATION AND CONSENT



ORDER) IN CONNECTION WITH THE OFFER AND SALE OF A SECURITY.

**Current Status:**

Final

**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?**

Yes

**Resolution Date:**

02/19/2009

**Sanctions Ordered:**

Cease and Desist/Injunction  
Disgorgement/Restitution

**Other Sanctions Ordered:**

STEORTS IS ORDERED TO: (1) CEASE AND DESIST FROM ENGAGING IN ANY CONDUCT IN VIOLATION OF THE PROVISIONS OF THE ACT; (2) DISGORGE THE PRINCIPAL AMOUNT OF COMMISSION SHE EARNED IN THE SUBJECT TRANSACTIONS, WHICH TOTALS \$91,311.78; (3) PROVIDE TRUTHFUL TESTIMONY AND COOPERATION; AND (4) RE-QUALIFY FOR HIS SECURITIES LICENSES BY RETAKING THE STATE EXAMINATIONS.

**Sanction Details:**

STEORTS IS ORDERED TO: (1) CEASE AND DESIST FROM ENGAGING IN ANY CONDUCT IN VIOLATION OF THE PROVISIONS OF THE ACT; (2) DISGORGE THE PRINCIPAL AMOUNT OF COMMISSION SHE EARNED IN THE SUBJECT TRANSACTIONS, WHICH TOTALS \$91,311.78; (3) PROVIDE TRUTHFUL TESTIMONY AND COOPERATION; AND (4) RE-QUALIFY FOR HIS SECURITIES LICENSES BY RETAKING THE STATE EXAMINATIONS.

**Regulator Statement**

THE STIPULATION AND CONSENT ORDER CAN BE VIEWED ON THE DIVISION'S WEBSITE THROUGH THE "ONLINE DATABASE." FURTHER DETAILS CAN ALSO BE PROVIDED BY CONTACTING THE DIVISION.

**Reporting Source:**

Broker

**Regulatory Action Initiated By:**

UTAH DIVISION OF SECURITIES

**Sanction(s) Sought:**

Disgorgement

**Other Sanction(s) Sought:**

**Date Initiated:**

02/19/2009

**Docket/Case Number:**

SD-09-0012



<b>Employing firm when activity occurred which led to the regulatory action:</b>	INVESTMENT MANAGEMENT CORPORATION
<b>Product Type:</b>	Other
<b>Other Product Type(s):</b>	UNREGISTERED PROMISSORY NOTES
<b>Allegations:</b>	THE DIVISION ALLEGED: THE PROMISSORY NOTES STEORTS OFFERED AND SOLD TO INVESTORS ARE SECURITIES UNDER SECTION 61-1-13 OF THE UTAH UNIFORM SECURITIES ACT ("ACT"); THE SECURITIES WERE NOT REGISTERED WITH THE DIVISION IN VIOLATION OF SECTION 61-1-7 OF THE ACT AND DID NOT QUALIFY FOR AN EXEMPTION FROM REGISTRATION; AND STEORTS VIOLATED SECTION 61-1-1(2) OF THE ACT BY MAKING MISREPRESENTATIONS OF MATERIAL FACTS AND OMITTING TO STATE MATERIAL FACTS (AS REFERENCED IN THE STIPULATION AND CONSENT ORDER) IN CONNECTION WITH THE OFFER AND SALE OF A SECURITY.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	02/19/2009
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	STEORTS IS ORDERED TO: (1) CEASE AND DESIST FROM ENGAGING IN ANY CONDUCT IN VIOLATION OF THE PROVISIONS OF THE ACT; (2) DISGORGE THE PRINCIPAL AMOUNT OF COMMISSION SHE EARNED IN THE SUBJECT TRANSACTIONS, WHICH TOTALS \$91,311.78; (3) PROVIDE TRUTHFUL TESTIMONY AND COOPERATION; AND (4) RE-QUALIFY FOR HIS SECURITIES LICENSES BY RETAKING THE STATE EXAMINATIONS.
<b>Sanction Details:</b>	STEORTS IS ORDERED TO: (1) CEASE AND DESIST FROM ENGAGING IN ANY CONDUCT IN VIOLATION OF THE PROVISIONS OF THE ACT; (2) DISGORGE THE PRINCIPAL AMOUNT OF COMMISSION SHE EARNED IN THE SUBJECT TRANSACTIONS, WHICH TOTALS \$91,311.78; (3) PROVIDE TRUTHFUL TESTIMONY AND COOPERATION; AND (4) RE-QUALIFY FOR HIS SECURITIES LICENSES BY RETAKING THE STATE EXAMINATIONS.
<b>Broker Statement</b>	THE SUBJECT REGULATORY ACTION RELATED TO 2002-04 SALES OF APPROXIMATELY \$1.9 MILLION OF PROMISSORY NOTES IN PRIVATE PLACEMENTS RECOMMENDED AND APPROVED FOR SALE BY INVESTMENT MANAGEMENT CORPORATION (CRD # 37196), WITH WHICH STEORTS WAS THEN LICENSED. THE SECURITIES WERE ISSUED BY ENTITIES AFFILIATED WITH VESCOR CAPITAL CORP, WHICH WAS RECENTLY DETERMINED TO BE A DECADES-LONG \$140 MILLION PONZI



SCHEME, UNDER THE CONTROL OF VAL SOUTHWICK, WHO HAS PLED GUILTY TO NINE FELONIES. UTAH ASSERTED THAT (A) THE OFFERINGS WERE NOT EXEMPT FROM REGISTRATION BECAUSE OF THE APPLICATION OF THE INTEGRATION DOCTRINE (COMINGLING OF FUNDS), EVEN THOUGH STEORTS CONFIRMED THAT FORM D'S HAD BEEN FILED; (B) STEORTS MISREPRESENTED THAT THE NOTES WERE SECURED AS REPRESENTED IN THE OFFERING DOCUMENTS, EVEN THOUGH STEORTS ASSERTED THAT THIS WAS DUE TO VESCOR'S FAILURE TO PROPERLY RECORD LIENS AFTER THE OFFERING WAS COMPLETED, AND (C) STEORTS MISREPRESENTED THE SAFETY OF THE SECURED INVESTMENT. NO CUSTOMERS COMPLAINED TO STEORTS OR HIS FIRM, AND HE CONTINUES TO PROVIDE SERVICES TO THEM. STEORTS AGREED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, TO DISGORGE OVER 5 YEARS \$91,312 IN COMMISSIONS. STEORTS'S LICENSE IN UTAH IS SUBJECT TO PASSING APPLICABLE SECURITIES EXAMINATIONS.



## Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

### Disclosure 1 of 7

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** PSI

**Allegations:** VIA AN ATTORNEY, THE CLIENT CLAIMS "IMPROPER ASSET ALLOCATION, LACK OF DIVERSIFICATION, AND PROPENSITY TO CONCENTRATE IN GROWTH AND AGGRESSIVE GROWTH INVESTMENTS" STARTING IN 1999. ALLEGED DAMAGES OF \$51,661.00.

**Product Type:** Other

**Other Product Type(s):** MUTUAL FUNDS

**Alleged Damages:** \$51,661.00

### Customer Complaint Information

**Date Complaint Received:** 08/15/2006

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 12/13/2006

**Settlement Amount:** \$38,500.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PSI

**Allegations:** VIA AN ATTORNEY, THE CLIENT CLAIMS "IMPROPER ASSET ALLOCATION, LACK OF DIVERSIFICATION, AND PROPENSITY TO CONCENTRATE IN GROWTH AND AGGRESSIVE GROWTH INVESTMENTS" STARTING IN 1999.

**Product Type:** Other

**Other Product Type(s):** EQUITIES, MANAGED MONEY



**Alleged Damages:** \$51,661.00

### Customer Complaint Information

**Date Complaint Received:** 08/15/2006

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 12/13/2006

**Settlement Amount:** \$38,500.00

**Individual Contribution Amount:** \$0.00

### Broker Statement

ADVISOR MET WITH OR WAS IN CONTACT WITH CLIENT ON MANY OCCASIONS PRIOR TO ANY INVESTMENTS BEING MADE. CLIENT COMPLETED ALL RISK AND INVESTMENT OBJECTIVE QUESTIONNAIRES AS PROVIDED AND PRESCRIBED BY PRUDENTIAL. MODERN PORTFOLIO THEORY WAS APPLIED PER PRUDENTIAL'S PROPRIETARY SOFTWARE MODELS. CLIENT APPROVED THE ASSET ALLOCATION MODEL CREATED. CLIENT WAS IN MANAGED MONEY ACCOUNTS AND PRE-APPROVED ALL MONEY MANAGEMENT COMPANIES SELECTED. RISKS OF MARKET INVESTMENTS WERE CLEARLY EXPLAINED TO CLIENT AT ALL STAGES OF HER DECISION MAKING PROCESS. ADVISOR DENIES ALL ALLEGATIONS AS THE CLIENT'S ACCOUNTS DECREASED IN VALUE DUE TO MARKET CONDITIONS. FURTHER, THE ADVISOR SEVERED EMPLOYMENT WITH PRUDENTIAL IN 2002 AND HAD NO CONTACT WITH THE CLIENT SINCE THAT DATE.

### Disclosure 2 of 7

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** PSI

**Allegations:** CLAIMANT NOW ALLEGES (IN AN NASD STATEMENT OF CLAIM RECEIVED ON AUGUST 27,2003) THAT HIS ACCOUNT WAS THE SUBJECT OF UNSUITABLE INVESTMENT RECOMMENDATIONS.

**Product Type:** Other

**Other Product Type(s):** EQUITIES

**Alleged Damages:** \$0.00





## Customer Complaint Information

**Date Complaint Received:** 12/24/2002

**Complaint Pending?** No

**Status:** Arbitration/Reparation

**Status Date:** 08/27/2003

**Settlement Amount:**

**Individual Contribution Amount:**

## Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** NASD NO. 03-05505

**Date Notice/Process Served:** 08/27/2003

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 06/23/2004

**Monetary Compensation Amount:** \$90,000.00

**Individual Contribution Amount:** \$3,000.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES

**Allegations:** CLIENT'S MONIES WERE PLACED IN INSTITUTIONAL MANAGED MONEY ACCOUNTS. CLIENT ALLEGES THAT THESE ACCOUNTS WERE "CHURNED."

**Product Type:** Other

**Other Product Type(s):** INSTITUTIONAL, FEE BASED, MANAGED MONEY ACCOUNTS

**Alleged Damages:** \$300,000.00

## Customer Complaint Information

**Date Complaint Received:** 12/24/2002



**Complaint Pending?** No

**Status:** Arbitration/Reparation

**Status Date:** 08/27/2003

**Settlement Amount:**

**Individual Contribution Amount:**

### Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** NASD NO. 03-05505

**Date Notice/Process Served:** 08/27/2003

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 06/23/2004

**Monetary Compensation Amount:** \$90,000.00

**Individual Contribution Amount:** \$3,000.00

**Broker Statement**

CLIENT'S MONIES WERE PLACED IN MANAGED ACCOUNTS. THE CLIENT DID NOT PAY COMMISSIONS BUT A QUARTERLY, ASSET BASED FEE. CLIENT GAVE THE INSTITUTIONAL MONEY MANAGERS POWER OF ATTORNEY AUTHORIZATION TO TRADE INDIVIDUAL STOCK POSITIONS AS THE MANAGER'S JUDGMENT DICTATED. CHURNING IN SUCH AN ACCOUNT IS NOT POSSIBLE. LOSSES WERE DUE TO THE DECLINE IN STOCK PRICES AS NO TRADING COMMISSIONS WERE GENERATED. PRUDENTIAL CONTINUED A PATTERN OF SETTLING RATHER THAN DEFENDING A STRONGLY DEFENDABLE POSITION. THEY CHOSE TO SETTLE AND THE BROKER HAD NO CHOICE IN THE MATTER. HOWEVER, BROKER AGREED TO CONTRIBUTE A PORTION OF THE FUNDS THAT HAD BEEN SET ASIDE FOR PERSONAL REPRESENTATION (ATTORNEY FEES) IN THE MATTER. REPRESENTATIVE ADMITS NO WRONG DOING.

### Disclosure 3 of 7

**Reporting Source:** Firm



**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES INCORPORATED

**Allegations:** CLIENTS ALLEGE "THE ACTIVITY WAS NOT CONSISTENT WITH THE PROPOSAL WE RECEIVED SHOWING US THAT WE WOULD BE IN THE MODERATE RISK TOLERANT PORTFOLIO." DAMAGES ALLEGED OF \$80,000.00

**Product Type:** Options

**Other Product Type(s):** EQUITIES LISTED

**Alleged Damages:** \$80,000.00

### Customer Complaint Information

**Date Complaint Received:** 09/30/2002

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/04/2003

**Settlement Amount:** \$25,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** MATTER IS SETTLED.

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES INCORPORATED

**Allegations:** THE CLIENT ALLEGES "THE ACTIVITY WAS NOT CONSISTENT WITH THE PROPOSAL WE RECEIVED SHOWING US THAT WE WOULD BE IN THE MODERATE RISK TOLERANT PORTFOLIO."

**Product Type:** Other

**Other Product Type(s):** INSTITUTIONAL MANAGED MONEY ACCOUNTS

**Alleged Damages:** \$80,000.00

### Customer Complaint Information

**Date Complaint Received:** 09/30/2002



<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	02/04/2003
<b>Settlement Amount:</b>	\$25,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	<p>PROPOSAL REFERENCED IN THE COMPLAINT WAS FOR AN ASSET ALLOCATION OF \$513,000. CLIENT DECIDED TO PLACE ONLY THE EQUITY PORTION OF THE ALLOCATION, OR \$170,000, WITH BROKER AND THE BONDS, FIXED INCOME AND OTHER ASSETS ELSEWHERE. THUS, IF THE CLIENT HAD PLACED ALL ASSETS ACCORDING TO THE ALLOCATION PRESENTED THEN THE CLIENT WOULD HAVE HAD A MODERATE RISK CATEGORY AT PRUDENTIAL. INSTEAD THEY CHOSE TO CREATE THEIR OWN ALLOCATIONS.</p> <p>PRUDENTIAL CHOSE TO SETTLE RATHER THAN PAY THE EXPENSE OF LITIGATION. ANY WRONG DOING IS DENIED BY PRUDENTIAL AND MR. STEORTS.</p>

#### Disclosure 4 of 7

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	PRUDENTIAL SECURITIES INCORPORATED
<b>Allegations:</b>	<p>CLIENT ALLEGED, IN WRITING, THAT THE FA STRONGLY RECOMMENDED A CHANGE FROM GE LIFE AND ANNUITY TO PACIFIC LIFE, BUT THE INFORMATION THE FA PROVIDED, WHICH THE CLIENT RELIED ON, WAS INACCURATE AND INADEQUATE. WHILE CLIENT HAS NOT ALLEGED A SPECIFIC AMOUNT, DAMAGES ARE BELIEVED TO BE IN EXCESS OF \$5,000.00.</p>
<b>Product Type:</b>	Annuity(ies) - Variable
<b>Alleged Damages:</b>	\$0.00

#### Customer Complaint Information

<b>Date Complaint Received:</b>	04/15/2002
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled



**Status Date:** 11/03/2006

**Settlement Amount:** \$7,713.99

**Individual Contribution Amount:** \$0.00

**Firm Statement** MATTER SETTLED BELOW REPORTING THRESHOLD.

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES INC.

**Allegations:** CLIENT ALLEGED, IN WRITING, THAT THE FA STRONGLY RECOMMENDED A CHANGE FROM GE LIFE AND ANNUITY TO PACIFIC LIFE, BUT THE INFORMATION THE FA PROVIDED, WHICH THE CLIENT RELIED ON, WAS INACCURATE AND INADEQUATE. WHILE CLIENT HAS NOT ALLEGED A SPECIFIC AMOUNT, DAMAGES ARE BELIEVED TO BE IN EXCESS OF \$5,000.00.

**Product Type:** Annuity(ies) - Variable

**Alleged Damages:** \$5,000.00

### Customer Complaint Information

**Date Complaint Received:** 04/15/2002

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 11/03/2006

**Settlement Amount:** \$7,713.99

**Individual Contribution Amount:** \$0.00

**Broker Statement** MR. STEORTS DID NOT PARTICIPATE IN THE SETTLEMENT. HE DID NOT HAVE TO PAY ANY OF THE SETTLEMENT COSTS AND WAS NOT AT FAULT. CLIENT HAD A NET \$5,000 SURRENDER COST ON AN ANNUITY. WROTE A LETTER OF INQUIRY TO MR. STEORTS ABOUT THE COSTS FOLLOWING AN INQUIRY CALL FROM THE STATE OF UTAH'S INSURANCE DEPT. PRUDENTIAL DID NOT ALLOW MR. STEORTS TO RESPOND BUT SAID THEY WOULD HANDLE THE RESPONSE. PRUDENTIAL FAILED TO RESPOND AND 60 DAYS LATER THE CLIENT WROTE A FORMAL COMPLAINT LETTER.



CLIENT WAS AWARE OF THE SURRENDER COSTS AND SIGNED ALL THE FORMS TO BE TRANSFERRED INTO A NEW ANNUITY AT PACLIFE WHICH HE FELT BETTER SUITED HIM. CLIENT HELD THE NEW ANNUITY FOR OVER A YEAR BEFORE WRITING THE INITIAL INQUIRY LETTER FOLLOWING A RANDOM CALL FROM THE STATE INSURANCE DEPARTMENT.

#### Disclosure 5 of 7

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** PSI

**Allegations:** CUSTOMERS ALLEGE UNSUITABLE INVESTMENT RECOMMENDATIONS DURING PERIOD AUGUST 2000 THROUGH NOVEMBER 2001 CAUSED LOSSES.

**Product Type:** Other

**Other Product Type(s):** MANAGED ACCOUNTS

**Alleged Damages:** \$68,000.00

#### Customer Complaint Information

**Date Complaint Received:** 11/20/2001

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/10/2003

**Settlement Amount:** \$25,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** MR. STEORTS DID NOT PARTICIPATE IN SETTLEMENT DISCUSSIONS AND WAS NOT ASKED TO CONTRIBUTE TO THE SETTLEMENT.

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES

**Allegations:** CLIENT THROUGH HER ATTORNEY, ALLEGES THAT THE INVESTMENTS



RECOMMENDED BY HER FA WERE UNSUITABLE BASED ON RISK TOLERANCE AND OBJECTIVES.

**Product Type:** Mutual Fund(s)

**Alleged Damages:** \$68,000.00

### Customer Complaint Information

**Date Complaint Received:** 11/20/2001

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/10/2003

**Settlement Amount:** \$25,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement** THIS CLAIM WAS ORIGINALLY FILED AGAINST [OTHER FIRM EMPLOYEE], MR. STEORTS' PARTNER. [OTHER FIRM EMPLOYEE] LEFT THE BUSINESS AND THE CLIENT REFILED THE COMPLAINT AGAINST THE CURRENT REPRESENTATIVE OF RECORD, MR. STEORTS IN APRIL 2002. THE REPRESENTATIVE WAS DETERMINED BY PRUDENTIAL TO NOT BE AT FAULT AND THEY DECIDED TO SETTLE THE CLAIM AS IT WOULD COST AS MUCH OR MORE TO FIGHT IT.

### Disclosure 6 of 7

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PSI

**Allegations:** CLIENT ALLEGES "GROSS MISMANAGEMENT" OF HER ACCOUNT. ALLEGED DAMAGES OF \$233,690.00.

**Product Type:** Other

**Other Product Type(s):** ANNUITY; EQUITIES

**Alleged Damages:** \$233,690.00

### Customer Complaint Information

**Date Complaint Received:** 02/19/2002

**Complaint Pending?** No



<b>Status:</b>	Settled
<b>Status Date:</b>	06/25/2002
<b>Settlement Amount:</b>	\$100,000.00
<b>Individual Contribution Amount:</b>	\$10,000.00
<b>Broker Statement</b>	THIS MATTER WAS SETTLED BY PSI. PRUDENTIAL CHOSE TO SETTLE RATHER THAN ARBITRATE, THUS KEEPING THEIR BD RECORD CLEAN. BROKER WAS NOT INVOLVED IN THE DECISION MAKING OR ACCEPTANCE PROCESS. BROKER'S RECORDS WERE IGNORED AND NOT USED IN THE DECISION PROCESS. NO OTHER ISSUES BEYOND THE CASH SETTLEMENT THAT PRUDENTIAL NEGOTIATED.

#### Disclosure 7 of 7

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	PSI
<b>Allegations:</b>	CUSTOMER ALLEGES UNSUITABLE RECOMMENDATION TO SELL AN ANNUITY AND INVEST IN A MANAGED ACCOUNT RESULTING IN DAMAGES IN EXCESS OF \$5000.00
<b>Product Type:</b>	Other
<b>Other Product Type(s):</b>	COMMON STOCK, ANNUITY
<b>Alleged Damages:</b>	\$50,000.00

#### Customer Complaint Information

<b>Date Complaint Received:</b>	04/16/2001
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	11/02/2001
<b>Settlement Amount:</b>	\$55,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	PRUDENTIAL CHOSE TO MEDIATE RATHER THAN ARBITRATE, THUS KEEPING THEIR BD RECORD CLEAN. BROKER WAS NOT INVOLVED IN THE





DECISION MAKING OR ACCEPTANCE PROCESS. NO OTHER ISSUES  
BEYOND THE CASH SETTLEMENT THAT PRUDENTIAL NEGOTIATED.



## Customer Dispute - Closed-No Action / Withdrawn / Dismissed / Denied

This type of disclosure event involves (1) a consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the individual broker that was dismissed, withdrawn, or denied; or (2) a 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, which was closed without action, withdrawn, or denied.

### Disclosure 1 of 1

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES INC

**Allegations:** CLIENT ALLEGES NEGLIGENCE WITH THE WAY HIS ACCOUNTS WERE HANDLED.

**Product Type:** Other

**Other Product Type(s):** EQUITIES

**Alleged Damages:** \$103,000.00

### Customer Complaint Information

**Date Complaint Received:** 09/12/2005

**Complaint Pending?** No

**Status:** Closed/No Action

**Status Date:** 05/30/2007

**Settlement Amount:**

**Individual Contribution Amount:**

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** PRUDENTIAL SECURITIES, INC

**Allegations:** CLIENT ALLEGES NEGLIGENCE WITH THE WAY HIS ACCOUNTS WERE HANDLED.

**Product Type:** Equity Listed (Common & Preferred Stock)

**Alleged Damages:** \$103,000.00



## Customer Complaint Information

**Date Complaint Received:** 09/12/2005

**Complaint Pending?** No

**Status:** Closed/No Action

**Status Date:** 05/30/2007

**Settlement Amount:**

**Individual Contribution  
Amount:**

**Broker Statement**

THIS COMPLAINT WAS CLOSED WITH NO ACTION TAKEN. PLEASE ARCHIVE. CLIENT ELECTED TO HAVE AN OUTSIDE, THIRD PARTY (REGISTERED INVESTMENT ADVISORY FIRM), HANDLE HIS INVESTMENT. CLIENT GAVE RIA FIRM POWER OF ATTORNEY TO BUY AND SELL FOR HIS ACCOUNT(S). REGISTERED REPRESENTATIVE STEORTS DID NOT PERFORM ANY TRANSACTIONS IN THE ACCOUNT BUT MERELY ASSISTED THE CLIENT IN CHOOSING AN OUTSIDE MANAGER TO HANDLE THE CLIENT'S MONEY. MR. STEORTS LEFT THE EMPLOYMENT OF PRUDENTIAL SECURITIES FOR PRIVATE PRACTICE ON 8/1/2002 AND HAS HAD NO CONTACT WITH THE CLIENT IN THE THREE YEARS SINCE LEAVING PRUDENTIAL SECURITIES.

## End of Report



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