

BrokerCheck Report

DAVID CHARLES CANNATA

CRD# 2408845

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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 C. CANNATA

CRD# 2408845

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:

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

Registration History

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

- B CRAIG SCOTT CAPITAL, LLC**
CRD# 155924
UNIONDALE, NY
02/2012 - 09/2014
- B BROOKSTONE SECURITIES, INC.**
CRD# 13366
UNIONDALE, NY
05/2010 - 02/2012
- B JHS CAPITAL ADVISORS, INC.**
CRD# 112097
BETHPAGE, NY
04/2009 - 05/2010

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	3
Customer Dispute	1

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

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	04/13/2009

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	06/01/2009

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 02/2012 - 09/2014	CRAIG SCOTT CAPITAL, LLC	155924	UNIONDALE, NY
B 05/2010 - 02/2012	BROOKSTONE SECURITIES, INC.	13366	UNIONDALE, NY
B 04/2009 - 05/2010	JHS CAPITAL ADVISORS, INC.	112097	BETHPAGE, NY
B 09/2000 - 05/2001	J.P. TURNER & COMPANY, L.L.C.	43177	ATLANTA, GA
B 06/2000 - 09/2000	ADVANCED PLANNING SECURITIES, INC.	14382	SMITHTOWN, NY
B 08/1999 - 07/2000	INSTITUTIONAL EQUITY CORPORATION	19628	DALLAS, TX
B 11/1996 - 09/1999	CONTINENTAL BROKER-DEALER CORP.	14048	CARLE PLACE, NY
B 10/1996 - 10/1996	FIRST UNITED EQUITIES CORPORATION	36398	NEW YORK, NY
B 02/1995 - 10/1996	CONTINENTAL BROKER-DEALER CORP.	14048	CARLE PLACE, 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
02/2012 - Present	CRAIG SCOTT CAPITAL, LLC	REGISTERED REPRESENTATIVE	Y	UNIONDALE, NY, 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	3	0
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 3

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Suspension
Date Initiated:	04/14/2020
Docket/Case Number:	19-01955
Employing firm when activity occurred which led to the regulatory action:	N/A
Product Type:	No Product
Allegations:	Respondent Cannata failed to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.
Current Status:	Final
Resolution:	Letter
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:	04/14/2020
Sanctions Ordered:	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 1

Sanction Type: Suspension

Capacities Affected: All Capacities

Duration: Indefinite

Start Date: 04/14/2020

End Date:

Regulator Statement Pursuant to Article VI, Section 3 of FINRA By-Laws, and FINRA Rule 9554, Respondent Cannata is suspended on April 14, 2020 for failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.

Disclosure 2 of 3

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Suspension

Date Initiated: 08/30/2017

Docket/Case Number: [16-02801](#)



Employing firm when activity occurred which led to the regulatory action:	N/A
Product Type:	No Product
Allegations:	Respondent Cannata failed to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.
Current Status:	Final
Resolution:	Letter
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:	08/30/2017
Sanctions Ordered:	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 1

Sanction Type: Suspension

Capacities Affected: All capacities

Duration: Indefinite

Start Date: 08/30/2017

End Date:

Regulator Statement Pursuant to Article VI, Section 3 of FINRA By-Laws, and FINRA Rule 9554, Respondent Cannata is suspended on August 30, 2017 for failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.

Disclosure 3 of 3

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: n/a

Date Initiated: 12/22/2015

Docket/Case Number: [2013037857001](#)



Employing firm when activity occurred which led to the regulatory action:	Craig Scott Capital, LLC
Product Type:	Other: unspecified securities
Allegations:	Cannata was named a respondent in a FINRA complaint alleging that he excessively traded customers' accounts. The complaint alleges that Cannata also churned customers' accounts in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint also alleges that Cannata failed to cooperate with a FINRA investigation by refusing to appear and give on-the-record testimony. The complaint further alleges that Cannata willfully failed to amend and timely disclose on his Form U4 tax liens totaling \$189,449.
Current Status:	Final
Resolution:	Decision
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:	07/05/2016
Sanctions Ordered:	Bar (Permanent) Restitution Other: plus interest
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

Sanction 1 of 1

Sanction Type: Bar (Permanent)
Capacities Affected: All Capacities
Duration:
Start Date: 07/05/2016
End Date:

Monetary Sanction 1 of 1

Monetary Related Sanction: Restitution
Total Amount: \$1,566,298.14
Portion Levied against individual: \$1,566,298.14
Payment Plan: plus interest
Is Payment Plan Current:
Date Paid by individual:
Was any portion of penalty waived? No

Amount Waived:

Regulator Statement Default decision rendered June 6, 2016. The sanctions were based on findings



that Cannata excessively traded in accounts of his member firm's customers. The findings stated that Cannata made unsuitable recommendations for these customers directing excessive trading in their accounts. Cannata had de facto control over the customer accounts and made all investment decisions. Cannata's trading strategy in each client's account generated extraordinary levels of activity inconsistent with the clients' objectives and financial circumstances. The clients sustained losses ranging from \$114,171 to \$1,263,527 as a result of Cannata's trading strategy. The findings also stated that Cannata violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2020 and 2010 by churning the accounts of customers. Cannata acted with scienter by knowingly or recklessly disregarding his customers' interests by seeking to maximize his own compensation. Both the high turnover rate and cost-to-equity ratio are compelling evidence establishing that Cannata recommended and executed the trades in the accounts of the customers for his own benefit, without regard for his clients' resources or best interests. There is no evidence that would justify the quantity of trading directed by Cannata given the investment objectives of his clients. The findings also included that Cannata failed to appear and provide sworn testimony as requested by FINRA. FINRA found that Cannata willfully failed to timely amend his Form U4 to disclose tax liens totaling \$189,449. The decision became final July 5, 2016.



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:	BROOKSTONE SECURITIES, INC. AND CRAIG SCOTT CAPITAL, LLC
Allegations:	NEGLIGENCE, BREACH OF FIDUCIARY DUTY, CHURNING, UNSUITABILITY, AND UNAUTHORIZED TRADING.
Product Type:	Other: UNSPECIFIED SECURITIES
Alleged Damages:	\$325,000.00

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [FINRA - CASE #13-02069](#)

Date Notice/Process Served:	07/15/2013
Arbitration Pending?	No
Disposition:	Award
Disposition Date:	05/01/2015
Disposition Detail:	RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY TO THE CLAIMANTS COMPENSATORY DAMAGES IN THE AMOUNT OF \$338,454. Respondent is jointly and severally liable for and shall pay to claimants punitive damages in the amount of \$100,000.00.

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	BROOKSTONE SECURITIES, INC AND CRAIG SCOTT CAPITAL, LLC
Allegations:	NEGLIGENCE, BREACH OF FIDUCIARY DUTY, CHURNING, UNSUITABILITY AND UNAUTHORIZED TRADES.
Product Type:	Other: UNSPECIFIED SECURITIES
Alleged Damages:	\$325,000.00



Customer Complaint Information

Date Complaint Received:

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for respondents/defendants)

Status Date: 05/01/2015

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

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

Docket/Case #: [13-02069](#)

Date Notice/Process Served: 07/15/2013

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 05/01/2015

Monetary Compensation Amount: \$338,454.00

Individual Contribution Amount: \$338,454.00

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: CRAIG SCOTT CAPITAL LLC

Allegations: THE STATEMENT OF CLAIM ("SOC") FILED BY THESE CUSTOMERS ALLEGES VARIOUS SALES PRACTICE VIOLATIONS BY MR. CANNATA IN CONNECTION WITH THE MANAGEMENT OF THEIR ACCOUNTS INCLUDING UNSUITABILITY, EXCESSIVE TRADING, AND MISREPRESENTATION. MR. CANNATA INTENDS TO VIGOROUSLY DEFEND HIMSELF AGAINST THESE ALLEGATIONS. IT IS ALLEGED THAT THE ACTIVITIES BEGAN IN THE SPRING OF 2011 AND CONTINUED TO APPROXIMATELY AUGUST 2012.



Product Type: Equity-OTC
Equity Listed (Common & Preferred Stock)

Alleged Damages: \$325,000.00

Is this an oral complaint?

Is this a written complaint?

**Is this an arbitration/CFTC
reparation or civil litigation?** Yes

**Arbitration/Reparation forum
or court name and location:** FINRA ARBITRATION

Docket/Case #: 13-02069

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 07/15/2013

Customer Complaint Information

Date Complaint Received: 07/22/2013

Complaint Pending? No

Status: Evolved into Arbitration/CFTC reparation (the individual is a named party)

Status Date: 07/22/2013

Settlement Amount:

**Individual Contribution
Amount:**

Arbitration Information

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

Docket/Case #: 13-02069

Date Notice/Process Served: 07/22/2013

Arbitration Pending? Yes

End of Report



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