

BrokerCheck Report

MERCER HICKS III

CRD# 245170

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

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.

MERCER HICKS III

CRD# 245170

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

- B** **SOUTHEAST INVESTMENTS, N.C., INC.**
820 TYVOLA ROAD, SUITE 104
CHARLOTTE, NC 28217
CRD# 43035
Registered with this firm since: 04/25/2014

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
- 3 U.S. states and territories

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):**

- IA** **SOUTHEAST INVESTMENTS, N.C., INC.**
CRD# 43035
CHARLOTTE, NC
05/2014 - 11/2014
- IA** **CAPITAL INVESTMENT ADVISORY SERVICES, LLC**
CRD# 149124
RALEIGH, NC
01/2013 - 04/2014
- B** **CAPITAL INVESTMENT GROUP, INC.**
CRD# 14752
PINEHURST, NC
04/2009 - 04/2014

**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
Termination	3
Judgment/Lien	5



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 3 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name: **SOUTHEAST INVESTMENTS, N.C., INC.**

Main Office Address: **820 TYVOLA ROAD-SUITE 104
CHARLOTTE, NC 28217**

Firm CRD#: **43035**

SRO	Category	Status	Date
B FINRA	General Securities Representative	APPROVED	04/25/2014

U.S. State/ Territory	Category	Status	Date
B North Carolina	Agent	APPROVED	05/15/2014
B South Carolina	Agent	APPROVED	04/28/2014
B Virginia	Agent	APPROVED	09/03/2015

Branch Office Locations

This individual does not have any registered Branch Office where the individual is located.



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 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	12/01/1994

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination	SIE	10/01/2018
B Registered Representative Examination	Series 1	06/26/1972

State Securities Law Exams

Exam	Category	Date
IA Uniform Investment Adviser Law Examination	Series 65	01/08/2002
B Uniform Securities Agent State Law Examination	Series 63	11/01/1984

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
IA 05/2014 - 11/2014	SOUTHEAST INVESTMENTS, N.C., INC.	43035	CHARLOTTE, NC
IA 01/2013 - 04/2014	CAPITAL INVESTMENT ADVISORY SERVICES, LLC	149124	RALEIGH, NC
B 04/2009 - 04/2014	CAPITAL INVESTMENT GROUP, INC.	14752	PINEHURST, NC
IA 04/2009 - 12/2012	CIC ADVISERS, LLC	130735	RALEIGH, NC
IA 06/2003 - 04/2009	CANTELLA & CO., INC.	13905	PINEHURST, NC
B 07/2001 - 04/2009	CANTELLA & CO., INC.	13905	PINEHURST, NC
B 03/1997 - 08/2001	AMERICAN INVESTMENT SERVICES, INC.	21111	OKLAHOMA CITY, OK
B 10/1993 - 03/1997	ROBERT THOMAS SECURITIES, INC	10147	ST. PETERSBURG, FL
B 04/1991 - 10/1993	ADVANTAGE CAPITAL CORPORATION	146	ATLANTA, GA
B 09/1989 - 04/1991	NCNB SECURITIES, INC.	16361	BOSTON, MA
B 02/1988 - 09/1989	THOMSON MCKINNON SECURITIES INC.	829	NEW YORK, NY
B 10/1984 - 02/1988	CAROLINA SECURITIES CORPORATION	142	
B 11/1978 - 09/1984	WHEAT, FIRST SECURITIES, INC.	6124	
B 04/1975 - 12/1978	E. F. HUTTON & COMPANY INC	235	
B 04/1974 - 04/1975	J.C. BRADFORD & CO.	1287	
B 06/1972 - 05/1974	REYNOLDS SECURITIES, INC.	712	

Employment History



Registration and Employment History

Employment History, continued

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
04/2014 - Present	SOUTHEAST INVESTMENTS, N.C. INC.	REGISTERED REPRESENTATIVE	Y	CHARLOTTE, NC, United States
09/1987 - Present	HICKS FINANCIAL GROUP	OWNER	N	PINEHURST, NC, United States
04/2009 - 04/2014	CAPITAL INVESTMENT GROUP, INC.	REGISTERED REPRESENTATIVE	Y	RALEIGH, NC, 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.

HICKS FINANCIAL GROUP: 110 APPLECROSS WAY, 1 TURNBERRY WOOD, PINEHURST, NC). 09/1987. I AM THE OWNER OF THIS INSURANCE AND REAL-ESTATE OFFICE. I WILL DEVOTE 1 HOUR PER MONTH TO THIS BUSINESS. I AM COMPENSATED AS OWNER.



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	1
Termination	N/A	3	N/A
Judgment/Lien	5	N/A	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 - 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 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: n/a
Date Initiated:	12/20/2019
Docket/Case Number:	2017052867301
Employing firm when activity occurred which led to the regulatory action:	Capital Investment Group Inc.
Product Type:	Annuity-Variable Other: speculative non-traded real estate investment trusts and non-traded business development companies
Allegations:	Hicks was named a respondent in a FINRA complaint alleging that he recommended unsuitable investments to five senior customers (three of whom were widows) to purchase speculative non-traded real estate investment trusts (REITs) and non-traded business development companies (BDCs). The complaint alleges that the prospectuses and subscription agreements for these non-traded REITs and non-traded BDCs stated that investing in these securities involved a high degree of risk, was speculative, was not suitable for persons who require immediate liquidity, guaranteed income, or seek short-term investments, and was only appropriate for those investors who could afford a complete loss of their



investments. The five senior customers, at issue, in this case, were not seeking to make speculative, high-risk investments. When Hicks first recommended non-traded REITs and non-traded BDCs to them, their ages ranged between 73 and 87 years old. None of these customers was still working. The customers' account documents indicate that they were seeking either to preserve their capital or for their capital to appreciate. Some of these customers have encountered difficulties liquidating the investments to obtain funds that they needed to pay for medical care. In the aggregate, Hicks recommended purchases of unsuitable non-traded REITs and non-traded BDCs to the five senior customers totaling approximately \$665,000. Hicks received a seven percent commission from each sale, totaling approximately \$46,550. Hicks finds his customers primarily by cold calling telephone numbers on club directories he obtains around his North Carolina community. Most of his customers are senior retirees with limited financial resources and knowledge. Before Hicks recommended non-traded REITs and non-traded BDCs, he had recommended that four of his senior customers at issue here invest their funds in variable annuities, which had guaranteed income riders. Later, however, Hicks began recommending that these senior customers liquidate some or all of their variable annuities (at times incurring withdrawal penalties) to invest in non-traded REITs and non-traded BDCs. Furthermore, Hicks' recommended that three of these senior customers invest in non-traded REITs and non-traded BDCs that were also unsuitable because the recommendations resulted in those customers being over-concentrated in speculative, illiquid investments. The excessive concentrations were unsuitable in light of the customers' investment profiles, including their financial situations, risk tolerances and investment objectives. The complaint also alleges that Hicks failed to conduct reasonable due diligence on the investments, the REITs and BDCs. In addition, Hicks failed to understand the risks and features associated with those investments before recommending them to his customers. Hicks lacked a reasonable basis to recommend the REITs and BDCs.

Current Status:	On Appeal
Action Appealed To:	SRO
Date Appeal filed:	07/07/2021
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: 05/19/2021

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 May 19, 2021 wherein Hicks is barred from association with any FINRA member in all capacities and ordered to pay disgorgement to FINRA in the amount of \$38,812.60 in commissions received. Hicks is also ordered to pay \$7,636.25 for the costs of the proceeding. The sanctions are based on findings that Hicks recommended purchases of high-risk, illiquid non-traded securities offered by several real estate investment trusts and a business development company to senior customers, without first satisfying the suitability rule's requirements. The findings stated that Hicks' recommendations were specifically unsuitable for each of the customers considering their ages, financial situations, and investment profiles. The prospectuses of the investments Hicks recommended describe the inherent risks of investing in unequivocal terms. Typically, they warn that investing in them involves a high degree of risk, one of which is a complete loss of investments. The prospectuses also contain warnings that the investments are suitable only for persons who will not need liquidity. None of the customers had a tolerance for high-risk investments. Such recommendations have been recognized as unsuitable for customers situated similarly to those here: retired, 73 years old and older, with conservative risk investment objectives. Hicks received commissions totaling \$38,812.60 from his recommendations. Furthermore, for some customers, Hicks' recommendations excessively concentrated their liquid assets in high-risk, illiquid securities. The findings also stated that Hicks failed to conduct a reasonably diligent investigation of the investments he recommended. Consequently, he was ignorant of significant features of the securities, including their numerous inherent risks, and did not have a reasonable basis to believe the recommendations were suitable for anyone.

On July 7, 2021, Hicks appealed the decision to the NAC. 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:	12/20/2019
Docket/Case Number:	2017052867301
Employing firm when activity occurred which led to the regulatory action:	CAPITAL INVESTMENT GROUP INC
Product Type:	Annuity-Variable Other: speculative non-traded real estate investment trusts and non-traded business development companies
Allegations:	Hicks was named a respondent in a FINRA complaint alleging that he recommended unsuitable investments to five senior customers (three of whom were widows) to purchase speculative non-traded real estate investment trusts (REITs) and non-traded business development companies (BDCs). The complaint alleges that the prospectuses and subscription agreements for these non-traded REITs and non-traded BDCs stated that investing in these securities involved a high degree of risk, was speculative, was not suitable for persons who require immediate liquidity, guaranteed income, or seek short-term investments, and was only appropriate for those investors who could afford a complete loss of their investments. The five senior customers, at issue, in this case, were not seeking to make speculative, high-risk investments. When Hicks first recommended non-traded REITs and non-traded BDCs to them, their ages ranged between 73 and 87 years old. None of these customers was still working. The customers' account documents indicate that they were seeking either to preserve their capital or for their capital to appreciate. Some of these customers have encountered difficulties liquidating the investments to obtain funds that they needed to pay for medical care. In the aggregate, Hicks recommended purchases of unsuitable non-traded REITs and non-traded BDCs to the five senior customers totaling approximately \$665,000. Hicks received a seven percent commission from each sale, totaling approximately \$46,550. Hicks finds his customers primarily by cold calling telephone numbers on club directories he obtains around his North Carolina community. Most of his customers are senior retirees with limited financial resources and knowledge. Before Hicks recommended non-traded REITs and non-traded BDCs, he had recommended that four of his senior customers at issue here invest their funds in variable annuities, which had guaranteed income riders. Later, however, Hicks began recommending that these senior customers liquidate some



or all of their variable annuities (at times incurring withdrawal penalties) to invest in non-traded REITs and non-traded BDCs. Furthermore, Hicks' recommended that three of these senior customers invest in non-traded REITs and non-traded BDCs that were also unsuitable because the recommendations resulted in those customers being over-concentrated in speculative, illiquid investments. The excessive concentrations were unsuitable in light of the customers' investment profiles, including their financial situations, risk tolerances and investment objectives. The complaint also alleges that Hicks failed to conduct reasonable due diligence on the investments, the REITs and BDCs. In addition, Hicks failed to understand the risks and features associated with those investments before recommending them to his customers. Hicks lacked a reasonable basis to recommend the REITs and BDCs.

Current Status:	On Appeal
Action Appealed To:	SRO
Date Appeal filed:	07/07/2021
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:	05/19/2021
Broker Statement	Hearing Panel decision rendered May 19, 2021 wherein Hicks is barred from association with any FINRA member in all capacities and ordered to pay disgorgement to FINRA in the amount of \$38,812.60 in commissions received. Hicks is also ordered to pay \$7,636.25 for the costs of the proceeding. The sanctions are based on findings that Hicks recommended purchases of high-risk, illiquid non-traded securities offered by several real estate investment trusts and a business development company to senior customers, without first satisfying the suitability rule's requirements. The findings stated that Hicks' recommendations were specifically unsuitable for each of the customers considering their ages, financial situations, and investment profiles. The prospectuses of the investments Hicks recommended describe the inherent risks of investing in unequivocal terms. Typically, they warn that investing in them involves a high degree of risk, one of which is a



complete loss of investments. The prospectuses also contain warnings that the investments are suitable only for persons who will not need liquidity. None of the customers had a tolerance for high-risk investments. Such recommendations have been recognized as unsuitable for customers situated similarly to those here: retired, 73 years old and older, with conservative risk investment objectives. Hicks received commissions totaling \$38,812.60 from his recommendations. Furthermore, for some customers, Hicks' recommendations excessively concentrated their liquid assets in high-risk, illiquid securities. The findings also stated that Hicks failed to conduct a reasonably diligent investigation of the investments he recommended. Consequently, he was ignorant of significant features of the securities, including their numerous inherent risks, and did not have a reasonable basis to believe the recommendations were suitable for anyone. On July 7, 2021, Hicks appealed the decision to the NAC. The sanctions are not in effect pending the review.



Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

Disclosure 1 of 3

Reporting Source: Firm
Employer Name: CAPITAL INVESTMENT GROUP, INC.
Termination Type: Discharged
Termination Date: 04/11/2014
Allegations: MISREPRESENTING HIMSELF AS A CLIENT IN DEALING WITH AN INSURANCE COMPANY. VIOLATION OF FIRM POLICY AND INDUSTRY STANDARDS.
Product Type: Insurance

Reporting Source: Broker
Employer Name: CAPITAL INVESTMENT CO.
Termination Type: Discharged
Termination Date: 04/10/2014
Allegations: I MISREPRESENTED MYSELF AS CLIENT, [REDACTED], IN TELEPHONE CALLS TO PRUDENTIAL ANNUITIES TO DETERMINE AND CALCULATE FUNDS CLIENT COULD WITHDRAW FROM ACCOUNT.
Product Type: Annuity-Variable
Broker Statement CLIENT [REDACTED], UPSET WITH LOSSES AND INVESTMENT RESTRICTIONS IN PRUDENTIAL ACCOUNT, TOLD ME TO LIQUIDATE PRUDENTIAL ACCOUNT AND TRANSFER TO ANOTHER ACCOUNT. NO CUSTOMER COMPLAINT. CLIENT WAS WRITTEN NOTARIZED LETTER INDICATING THAT I ACTED ON HIS ORDERS.

Disclosure 2 of 3

Reporting Source: Firm
Employer Name: CANTELLA AND CO., INC.
Termination Type: Permitted to Resign
Termination Date: 04/01/2009

**Allegations:**

MR. HICKS SUBMITTED CLIENT SIGNED VARIABLE ANNUITY CONTRACTS TO THE HOME OFFICE FOR APPROVAL. THE CONTRACTS WERE FOR A HUSBAND AND WIFE - [CUSTOMERS]. DURING THE PRINCIPAL REVIEW PROCESS CANTELLA FOUND THAT THE APPLICATIONS CONTAINED SOME INCORRECT FEES. WE ASKED MR. HICKS TO INPUT THE CORRECTED FEES AND THEN HAVE THE CLIENTS INITIAL EACH CHANGE, THEREBY CONFIRMING THEIR UNDERSTANDING OF THE PROPER FEES. UPON RECEIPT OF THE INITIALED FORMS AND A SUBSEQUENT PHONE CALL TO THE CLIENTS IT WAS DETERMINED THAT MR. HICKS, NOT THE CLIENTS, HAD INITIALED THE FORMS. THIS WAS THEN RECONFIRMED DURING A PHONE CALL WITH MR. HICKS. HE EXPLAINED THAT THE CLIENTS WERE GOING OUT OF TOWN AND RATHER THAN WAIT FOR THEIR RETURN HE CALLED THEM, EXPLAINED THE CHANGES AND RECEIVED VERBAL AUTHORIZATION TO INITIAL THE CHANGES. THE CLIENTS HAVE SINCE SIGNED NEW PAPERWORK WITH THE PROPER FEES AND SIGNED A LETTER CONFIRMING THAT THE CHANGES TO THE FEES WERE FULLY EXPLAINED AND THAT THEY HAD GIVEN MR. HICKS THE AUTHORIZATION TO INITIAL ON THEIR BEHALF. WHILE CANTELLA DOES NOT CONDONE MR. HICKS' BEHAVIOR WE DO NOT FEEL THAT IT WAS DONE IN A MALICIOUS MANNER OR WITH ANY INTENT TO HARM THE CLIENTS; RATHER, HE SHOWED POOR JUDGEMENT.

Product Type:

Annuity(ies) - Variable

Other Product Types:**Reporting Source:**

Broker

Employer Name:

CANTELLA AND CO., INC.

Termination Type:

Permitted to Resign

Termination Date:

04/01/2009

Allegations:

MR. HICKS SUBMITTED CLIENT SIGNED VARIABLE ANNUITY CONTRACTS TO THE HOME OFFICE FOR APPROVAL. THE CONTRACTS WERE FOR A HUSBAND AND WIFE - [CUSTOMERS]. DURING THE PRINCIPAL REVIEW PROCESS CANTELLA FOUND THAT THE APPLICATIONS CONTAINED SOME INCORRECT FEES. WE ASKED MR. HICKS TO INPUT THE CORRECTED FEES AND THEN HAVE THE CLIENTS INITIAL EACH CHANGE, THEREBY CONFIRMING THEIR UNDERSTANDING OF THE PROPER FEES. UPON RECEIPT OF THE INITIALED FORMS AND A SUBSEQUENT PHONE CALL TO THE CLIENTS IT WAS DETERMINED THAT MR. HICKS, NOT THE CLIENTS, HAD INITIALED THE FORMS. THIS WAS THEN RECONFIRMED DURING A PHONE CALL WITH MR. HICKS. HE EXPLAINED THAT THE CLIENTS WERE



GOING OUT OF TOWN AND RATHER THAN WAIT FOR THEIR RETURN HE CALLED THEM, EXPLAINED THE CHANGES AND RECEIVED VERBAL AUTHORIZATION TO INITIAL THE CHANGES. THE CLIENTS HAVE SINCE SIGNED NEW PAPERWORK WITH THE PROPER FEES AND SIGNED A LETTER CONFIRMING THAT THE CHANGES TO THE FEES WERE FULLY EXPLAINED AND THAT THEY HAD GIVEN MR. HICKS THE AUTHORIZATION TO INITIAL ON THEIR BEHALF. WHILE CANTELLA DOES NOT CONDONE MR. HICKS' BEHAVIOR WE DO NOT FEEL THAT IT WAS DONE IN A MALICIOUS MANNER OR WITH ANY INTENT TO HARM THE CLIENTS; RATHER, HE SHOWED POOR JUDGEMENT.

Product Type:

Annuity-Variable

Broker Statement

I CALLED CLIENTS (SCOTT), ASKED FOR THEIR INITIALS ON CORRECTED FORMS. MRS. SCOTT ASKED ME TO INITIAL AS THEY WERE LEAVING TOWN. I WRONGLY APPLIED THEIR INITIALS.

Disclosure 3 of 3**Reporting Source:**

Broker

Employer Name:

ROBERT THOMAS SECURITIES, INC

Termination Type:

Discharged

Termination Date:

03/11/1997

Allegations:

N/A

NOT FOLLOWING FIRM POLICY. NO DAMAGE TO CUSTOMER AND NO CUSTOMER CORRESPONDENCE RELATED TO THIS ISSUE.

IT WAS NOT A CUSTOMER COMPLAINT.

Product Type:

Equity Listed (Common & Preferred Stock)

Other Product Types:**Broker Statement**

MY TERMINATION BY ROBERT THOMAS WAS THE RESULT. I DID NOT FOLLOW FIRM PROCEDURE WHEN PROCESSING A LOA AND VIOLATED ONE OF MY FIRM'S MANY COMPLIANCE POLICIES WHICH RESULTED IN MY DISCHARGE.



Judgment / Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

Disclosure 1 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	IRS
Judgment/Lien Amount:	\$1,300.99
Judgment/Lien Type:	Tax
Date Filed with Court:	08/22/2017
Date Individual Learned:	09/05/2017
Type of Court:	State Court
Name of Court:	Superior Court
Location of Court:	Carthage, NC
Judgment/Lien Outstanding?	Yes
Broker Statement	IRS deferred collection action

Disclosure 2 of 5

Reporting Source:	Broker
Judgment/Lien Holder:	IRS
Judgment/Lien Amount:	\$10,921.27
Judgment/Lien Type:	Tax
Date Filed with Court:	08/22/2017
Date Individual Learned:	09/05/2017
Type of Court:	State Court
Name of Court:	Superior Court
Location of Court:	Carthage, NC
Judgment/Lien Outstanding?	Yes
Broker Statement	IRS deferred collection action

Disclosure 3 of 5



Reporting Source: Broker
Judgment/Lien Holder: Paul Davis Restoration
Judgment/Lien Amount: \$6,267.21
Judgment/Lien Type: Civil
Date Filed with Court: 08/26/2014
Date Individual Learned: 06/22/2016
Type of Court: State Court
Name of Court: Moore County Small Claims
Location of Court: Carthage, NC
Docket/Case #: 2014CVM395
Judgment/Lien Outstanding? Yes
Broker Statement I have disputed faulty repair plumbing job in June, 2013.

Disclosure 4 of 5

Reporting Source: Broker
Judgment/Lien Holder: IRS - US TREASURY
Judgment/Lien Amount: \$2,991.00
Judgment/Lien Type: Tax
Date Filed with Court: 01/21/2010
Date Individual Learned: 01/30/2010
Type of Court: COUNTY
Name of Court: MOORE COUNTY COURT
Location of Court: MOORE COUNTY, NC USA
Docket/Case #: 2010M000034
Judgment/Lien Outstanding? Yes
Broker Statement IRS AUDIT -TAX PAYER REPRESENTATIVE IS SARAH SPAINHOWER WITH OMNI FINANCIAL.

Disclosure 5 of 5



Reporting Source: Broker
Judgment/Lien Holder: IRS
Judgment/Lien Amount: \$43,106.24
Judgment/Lien Type: Tax
Date Filed with Court: 06/01/2008
Date Individual Learned: 06/01/2008
Type of Court: NONE
Name of Court: NONE
Location of Court: NONE
Docket/Case #: NONE
Judgment/Lien Outstanding? Yes
Broker Statement HAVE BEEN IN DISPUTE WITH IRS REGARDING BUSINESS DEDUCTIONS DISALLOWED. I AM REPRESENTED BY OMNI FINANCIAL IN DENVER, CO (SARAH SPAINHOWER, 800-540-0433 EXT 1235.) I AM CURRENTLY MAKING MONTHLY PAYMENTS OF \$346.35.

End of Report



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