

BrokerCheck Report

STEVEN BRETT HART

CRD# 2526221

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

STEVEN B. HART

CRD# 2526221

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 SG COWEN SECURITIES CORPORATION**
CRD# 7616
NEW YORK, NY
08/2001 - 02/2002
- B COMMONWEALTH ASSOCIATES**
CRD# 20833
NEW YORK, NY
04/2000 - 08/2001

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	1
Civil Event	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	04/05/2000

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	10/04/2001

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.

Only professional designations listed in Question 8 of the Form U4 will appear in this section if the appropriate box is checked and verified by the issuing organization at the time of the filing. Learn more about eligible designations at [IARD](#) and [NASAA](#).



Registration and Employment History

Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 08/2001 - 02/2002	SG COWEN SECURITIES CORPORATION	7616	NEW YORK, NY
B 04/2000 - 08/2001	COMMONWEALTH ASSOCIATES	20833	NEW YORK, NY

Employment History

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

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

Employment	Employer Name	Position	Investment Related	Employer Location
08/2001 - Present	SG COWEN SECURITIES CORP.	RESEARCH ASSOCIATE	Y	NY, 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	1	0
Civil Event	1	0



Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: n/a
Date Initiated:	12/20/2012
Docket/Case Number:	3-15150
Employing firm when activity occurred which led to the regulatory action:	Octagon Capital LLC; Octagon Capital Partners, LP
Product Type:	No Product
Allegations:	IA Release 40-3524, December 20, 2012: The SEC deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 against Steven B. Hart. In anticipation of the institution of these proceedings, Hart has submitted an Offer of Settlement which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings and the findings contained herein, which are admitted, Hart consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions. On the basis of this Order and Hart's Offer, the Commission finds that on December 13, 2012, a final judgment was entered by consent against Hart in Civil Action Number 12-CV-8986, in the United States District Court for the Southern District of New York, permanently enjoining Hart from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act. Under the final judgment, Hart is liable to pay disgorgement in the amount of \$831,071, plus



prejudgment interest thereon in the amount of \$103,424, and a civil penalty in the amount of \$394,733.

Current Status: Final

Resolution: Order

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

Resolution Date: 12/20/2012

Sanctions Ordered: Bar (Permanent)

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:	Bar (Permanent)
Capacities Affected:	see comment
Duration:	Indefinite
Start Date:	12/20/2012
End Date:	



Regulator Statement

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Hart's Offer. Accordingly, it is hereby ordered pursuant to Section 203(f) of the Advisers Act that Hart be, and hereby is barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Any reapplication for association by Hart will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors.



Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Date Court Action Filed:	12/11/2012
Product Type:	Other: PRIVATE PLACEMENTS; REGISTERED DIRECT AND OTHER PUBLIC OFFERINGS
Type of Court:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK, NY
Docket/Case #:	12-CV-8986
Employing firm when activity occurred which led to the action:	OCTAGON CAPITAL LLC
Allegations:	<p>SEC LITIGATION RELEASE 22567, DECEMBER 11, 2012: THE SECURITIES AND EXCHANGE COMMISSION CHARGED NEW YORK-BASED FUND MANAGER STEVEN B. HART (HART) WITH REPEATED VIOLATIONS OF THE FEDERAL SECURITIES LAWS RELATED TO TWO DISTINCT MULTI-YEAR TRADING SCHEMES, INVOLVING ILLEGAL MATCHED TRADING AND INSIDER TRADING. IN ADDITION, THE COMMISSION CHARGED HART WITH MAKING FRAUDULENT REPRESENTATIONS IN TWO SECURITIES PURCHASE AGREEMENTS.</p> <p>THE SEC ALLEGES THAT FROM JANUARY 17, 2008 THROUGH JUNE 4, 2009, HART USED HIS CONTROL OF A SMALL INVESTMENT FUND HE CONTROLS, AND HIS POSITION OF AUTHORITY AT AN INVESTMENT FUND FOR WHICH HE WAS EMPLOYED AS A PORTFOLIO MANAGER TO DIRECT THIRTY-ONE MATCHED TRADES BETWEEN THE TWO INVESTMENT FUNDS, BENEFITTING HIS FUND AT THE EXPENSE HIS EMPLOYER'S FUND. GENERALLY, HART CAUSED HIS FUND TO PURCHASE STOCK IN SMALL,</p>



THINLY TRADED ISSUERS AT THE GOING MARKET PRICE AND, ON THE FOLLOWING DAY, SOLD THE SAME STOCK TO HIS EMPLOYER'S FUND AT A PRICE SUBSTANTIALLY ABOVE THE PREVAILING MARKET PRICE. EACH OF THE SALES FROM HIS FUND TO THE EMPLOYER'S FUND OCCURRED IN PREMARKET TRADING; THUS, HART ENSURED THAT THE TRADES MATCHED. LATER THAT SAME DAY OR WITHIN A FEW DAYS OF THE MATCHED TRADES, THE EMPLOYER'S FUND, AT HART'S DIRECTION, SOLD THE RECENTLY-ACQUIRED STOCK ON THE OPEN MARKET AT A LOSS. AS A RESULT OF THIS SCHEME, HART GENERATED ILL-GOTTEN GAINS OF \$586,338 FOR HIS FUND.

ACCORDING TO THE SEC'S COMPLAINT, HART, AFTER BEING CONFIDENTIALLY SOLICITED TO INVEST IN NUMEROUS SECURITIES OFFERINGS - AND DESPITE EXPRESSLY AGREEING TO KEEP THE INFORMATION HE RECEIVED CONFIDENTIAL AND TO NOT TRADE ON IT BY AGREEING TO GO "OVER-THE-WALL" - NEVERTHELESS TRADED ON BEHALF OF HIS FUND WHILE IN POSSESSION OF MATERIAL NONPUBLIC INFORMATION CONCERNING THE OFFERINGS. FROM JUNE 19, 2007 THROUGH MARCH 15, 2011, IN BREACH OF A DUTY OF TRUST OR CONFIDENCE, HART DIRECTED TRADES IN THE SECURITIES OF NINETEEN ISSUERS CONDUCTING TWENTY SEPARATE OFFERINGS, INCLUDING PIPES, REGISTERED DIRECT OFFERINGS, AND CONFIDENTIALLY MARKETED PUBLIC OFFERINGS. AS A RESULT OF HART'S CONDUCT, HIS FUND DERIVED ILL-GOTTEN GAINS OF \$244,733.

IN ADDITION, ON TWO OCCASIONS, IN ORDER TO INDUCE ISSUERS TO SELL SECURITIES TO HIS FUND, HART SIGNED SECURITIES PURCHASE AGREEMENTS FALSELY REPRESENTING THAT, AFTER HE WAS SOLICITED, HIS FUND HAD NOT TRADED THE ISSUERS' SECURITIES IN THE DAYS LEADING UP TO THE PUBLIC ANNOUNCEMENT OF THE TRANSACTIONS. DESPITE GOING "OVER-THE-WALL" DURING THE SOLICITATION PROCESS FOR THE OFFERINGS, HART NEVERTHELESS DIRECTED SHORT SALES OF THE ISSUER'S SECURITIES, REALIZING INSIDER TRADING GAINS, AND SUBSEQUENTLY SIGNED THE SECURITIES PURCHASE AGREEMENTS.

THE SEC FILED ACTION IN THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AGAINST HART, ALLEGING VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT OF 1933, SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934, AND RULE 10B-5 THEREUNDER, AND SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT, HART CONSENTED TO THE ENTRY OF A JUDGMENT ENJOINING HIM FROM FUTURE VIOLATIONS OF THE RESPECTIVE PROVISIONS OF THE SECURITIES ACT, EXCHANGE ACT, AND ADVISERS ACT. HART ALSO AGREED TO PAY \$831,071 IN DISGORGEMENT AND \$103,424 IN



PREJUDGMENT INTEREST, AND A CIVIL PENALTY OF \$394,733. THE SETTLEMENT IS SUBJECT TO COURT APPROVAL.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 12/13/2012

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction
Monetary Penalty other than Fines
Other: PERMANENTLY RESTRAINED

Capacities 1 of 1

Capacities Affected: N/A

Duration: PERMANENTLY

Start Date: 12/13/2012

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$394,733.00

Portion against individual: 394733

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Disgorgement

Total Amount: \$831,071.00

Portion against individual: 831071

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3



Monetary Sanction: PREJUDGMENT INTEREST

Total Amount: \$103,424.00

Portion against individual: 103424

Date Paid:

Portion Waived: No

Amount Waived:

Regulator Statement

ON DECEMBER 13, 2012, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK RENDERED A FINAL JUDGMENT AS TO, DEFENDANT STEVEN B. HART HAVING ENTERED A GENERAL APPEARANCE; CONSENTED TO THE COURT'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THIS ACTION; CONSENTED TO ENTRY OF THE AGREED FINAL JUDGMENT WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE COMPLAINT (EXCEPT AS TO JURISDICTION); WAIVED FINDINGS OF FACT AND CONCLUSIONS OF LAW; AND WAIVED ANY RIGHT TO APPEAL FROM THIS AGREED FINAL JUDGMENT. IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT DEFENDANT IS PERMANENTLY RESTRAINED AND ENJOINED FROM VIOLATING SECTION 17(A) OF THE SECURITIES ACT OF 1933; SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5; AND VIOLATING, OR AIDING AND ABETTING VIOLATIONS OF SECTIONS 206(1) OR 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT DEFENDANT IS LIABLE FOR DISGORGEMENT OF \$831,071, REPRESENTING PROFITS GAINED AND LOSSES AVOIDED AS A RESULT OF THE CONDUCT ALLEGED IN THE COMPLAINT, TOGETHER WITH PREJUDGMENT INTEREST THEREON IN THE AMOUNT OF \$103,424, AND A CIVIL PENALTY IN THE AMOUNT OF \$394,733. DEFENDANT SHALL SATISFY THIS OBLIGATION BY PAYING \$1,329,228 TO THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO THE TERMS OF THE PAYMENT AFTER ENTRY OF THIS FINAL JUDGMENT. THE COURT SHALL RETAIN JURISDICTION OF THIS MATTER FOR THE PURPOSES OF ENFORCING THE TERMS OF THIS FINAL JUDGMENT.

End of Report



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