

BrokerCheck Report

CHRISTINE LOUISE CANTONE

CRD# 2687618

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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.

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Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

CHRISTINE L. CANTONE

CRD# 2687618

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:

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

Registration History

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

B **CANTONE RESEARCH INC.**
 CRD# 26314
 Eatontown, NJ
 05/1996 - 09/2023

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	3
Civil Event	1
Customer Dispute	2

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 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 5 principal/supervisory exams, 3 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
B Introducing Broker/Dealer Financial Operations Principal Examination	Series 28	01/02/2023
B Municipal Securities Principal Examination	Series 53	09/10/2008
B Registered Options Principal Examination	Series 4	07/23/1997
B Financial and Operations Principal Examination	Series 27	11/14/1996
B General Securities Principal Examination	Series 24	07/30/1996

General Industry/Product Exams

Exam	Category	Date
B Operations Professional Examination	Series 99TO	01/02/2023
B Securities Industry Essentials Examination	SIE	10/01/2018
B General Securities Representative Examination	Series 7	05/24/1996

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination	Series 63	06/18/1996

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
B 05/1996 - 09/2023	CANTONE RESEARCH INC.	26314	Eatontown, 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
09/1995 - Present	CANTONE RESEARCH INC.	VICE PRESIDENT	Y	TINTON FALLS, NJ, 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.

I AM A MANAGING MEMBER OF Natural Bridge Hotel & conf center,LLC which owns the hotel since 9/18/19. Managing member of CANTONE ASSET MANAGEMENT, LLC since 2008 AND A MEMBER OF CALUSA RIDGE LLC SINCE 7/17. I DO NOT RECEIVE SALARIES IN ANY OF THESE OUTSIDE ACTIVITIES. I HANDLE Admistrative and BANKING FUNCTIONS SUCH AS OPENING/CLOSING ACCOUNTS, PREPARING CHECKS, BANK RECONCILIATIONS, ETC FOR Petroleum Cap Funding LP since 3/2020, LATTICE FUNDING SINCE 5/19/2014; CHEROKEE FIN, LLC SINCE 8/28/12; CHESTNUT FIN, LLC SINCE 2/2011; THUNDER BAY FINANCIAL LLC SINCE 12/2013; CCF LLC, OKLAHOMA FIN LLC SINCE 6/2011. I DON'T HAVE A TITLE SINCE I AM NOT ASSOCIATED WITH THESE ENTITIES.These activities take a few hours a month on weekends or evenings with no salary.



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.
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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	3	0
Civil Event	0	1	0
Customer Dispute	0	2	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 3

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: n/a
Date Initiated:	11/20/2015
Docket/Case Number:	2013035130101
Employing firm when activity occurred which led to the regulatory action:	Cantone Research Inc.
Product Type:	No Product
Allegations:	Cantone was named a respondent in a FINRA complaint alleging that her member firm, while acting through her, failed to reasonably supervise its president and majority owner. The complaint alleges that notwithstanding her knowledge of red flags, Cantone failed to take reasonable steps to respond to or otherwise address them or to ensure that the firm's president was accurately and completely disclosing all material facts concerning certificates of participation (COP) Offerings to the investors and prospective investors, many of whom also were firm customers.
Current Status:	Final
Action Appealed To:	SEC



Date Appeal filed: 02/14/2019

Appeal Limitation Details:

Resolution: Decision

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: 02/23/2026

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

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise? 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? No



(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?

Yes

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	her principal and supervisory capacities
Duration:	one year
Start Date:	04/06/2026
End Date:	04/06/2027



Monetary Sanction 1 of 1

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

Total Amount: \$40,000.00

Portion Levied against individual: \$40,000.00

Payment Plan: jointly and severally

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

Extended Hearing Panel decision rendered 5/12/17: The sanctions were based on findings that Cantone, and her firm through her, failed to reasonably supervise its president, to accurately and completely disclose all material facts concerning certificates of participation (COP) in private placement offerings to investors and prospective investors including customers. The findings stated that the firm's president's failure to inform prospective investors in offerings-to whom he proposed extending the maturity dates of their notes-of the changes in the interest rate and other fees assessed against a real estate developer, a central figure in the offerings, and his failure to inform them and prospective investors of the developer's late interest payments and missed principal payments in earlier offerings, constituted material omissions. Cantone should have exercised her supervisory authority by directing the president to inform investors appropriately. By not doing so, Cantone failed her supervisory obligations as CCO of the firm and the president's supervisor. On June 6, 2017, Cantone appealed the Hearing Panel decision to the NAC. The sanctions are not in effect pending the appeal. Also on June 6, 2017, FINRA appealed the Extended Hearing Panel decision to the NAC. NAC decision rendered 1/16/19 wherein the findings made are affirmed and the sanctions imposed by the Hearing Panel are modified. The Hearing Panel ordered that Cantone is suspended for six months in all capacities and fined Cantone and the firm \$75,000, jointly and severally. The NAC modified the sanctions by imposing a two-year suspension in all principal and supervisory capacities with a requirement to requalify as a securities principal upon completion of her suspension. The NAC also reduced the fine imposed to \$73,000 and imposed appeal costs in the amount of \$1,572.61, jointly and severally with her firm and its president. The NAC affirms the Hearing Panel's imposition of hearing costs in the amount of \$17,201.27, jointly and severally with her firm and its president. On February 14, 2019, Cantone appealed the decision to the SEC. SEC decision rendered 7/18/24, wherein the findings are sustained in part and set aside in part,



the sanctions imposed are set aside, and the case is remanded. The SEC affirmed in part the finding that the firm and its president knowingly or recklessly made material misrepresentations and omissions in connection with the offer and sale of one private placement offering, in violation of Exchange Act Section 10(b) and Rule 10b-5 thereunder, and FINRA Rules 2010 and 2020. The SEC further affirmed that Cantone and the firm failed to reasonably supervise the president's activities in a private placement. However, the SEC set aside the findings that the president and the firm violated securities laws by misleading investors regarding the extension agreements for two additional offerings. The SEC set aside the findings that the president and the firm violated Section 17(a) of the Securities Act and FINRA Rule 2010. Finally, the SEC set aside the findings that Cantone failed to supervise the president. Because FINRA imposed a unitary sanction for the president and the firm's violations of the Exchange Act and Cantone's failures to supervise, the SEC set side these sanctions, and remanded the matter for further proceedings. NAC decision rendered 1/23/26 wherein the sanctions were affirmed in part and modified in part. Cantone and her firm were fined \$40,000, jointly and severally, and Cantone was suspended from association with any FINRA member in any principal and supervisory capacities for one year for failing to reasonably supervise the firm's president. The decision became final on 2/23/26.

Reporting Source:	Broker
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: Per FINRA U6: N/A
Date Initiated:	11/20/2015
Docket/Case Number:	2013035130101
Employing firm when activity occurred which led to the regulatory action:	CANTONE RESEARCH, INC.
Product Type:	No Product
Allegations:	Cantone was named a respondent in a FINRA complaint alleging that her member firm, while acting through her, failed to reasonably supervise its president and majority owner. The complaint alleges that notwithstanding her knowledge of red flags, Cantone failed to take reasonable steps to respond to or otherwise address them or to ensure that the firm's president was accurately and completely disclosing all material facts concerning certificates of participation (COP) Offerings to the investors and prospective investors, many of whom also were firm customers.



Current Status: On Appeal

Action Appealed To: SEC

Date Appeal filed: 02/13/2019

Appeal Limitation Details:

Resolution: On 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: 05/12/2017

Broker Statement

On June 6, 2017, Cantone appealed the Extended Hearing Panel decision to the National Adjudicatory Council (NAC). The sanctions are not in effect pending the appeal. Also on June 6, 2017, FINRA appealed the Extended Hearing Panel decision to the NAC. Extended Hearing Panel decision rendered May 12, 2017. The findings stated that FINRA failed to establish that Cantone made improper use of customer funds and recommended an unsuitable investment. The causes of action alleging these violations are dismissed. Cantone was fined \$75,000, jointly and severally, suspended from association with any FINRA member in any capacity for six months, and was ordered to pay costs in the amount of \$17,201.27, jointly and severally. The sanctions were based on findings that Cantone, and her firm through her, failed to reasonably supervise its president, in violation of NASD Rule 3010 and FINRA Rule 2010. NAC decision rendered January 16, 2019 wherein the findings made are affirmed and the sanctions imposed by the Hearing Panel are modified. The Hearing Panel ordered that Cantone is suspended for six months in all capacities and fined Cantone and the firm \$75,000, jointly and severally. The NAC modified the sanctions by imposing a two-year suspension in all principal and supervisory capacities with a requirement to requalify as a securities principal upon completion of her suspension. The NAC also reduced the fine imposed to \$73,000 and imposed appeal costs in the amount of \$1,572.61, jointly and severally with her firm and its president. The NAC affirms the Hearing Panel's imposition of hearing costs in the amount of \$17,201.27, jointly and severally with her firm and its president. The decision will become final on February 18, 2019. Appeal filed with SEC on February 13, 2019.

Disclosure 2 of 3

Reporting Source: Regulator



Regulatory Action Initiated By:	New Jersey Bureau of Securities
Sanction(s) Sought:	Revocation
Date Initiated:	11/20/2015
Docket/Case Number:	N/A
URL for Regulatory Action:	<p>http://www.njconsumeraffairs.gov/Actions/CantoneChristineRevocationSummaryOrder_Nov20_15.pdf</p> <p>http://www.njconsumeraffairs.gov/Actions/CantoneC_admConsentOrder_13JUN2017.pdf</p>
Employing firm when activity occurred which led to the regulatory action:	Cantone Research, Inc. (CRD No. 26314)
Product Type:	Other: Private Placements
Allegations:	<p>C. Cantone failed to reasonably supervise agents for whom she had supervisory responsibility and to enforce procedures necessary to detect and prevent such conduct as enumerated in N.J.S.A. 49:3-58(a)(2)(xi). C. Cantone failed to maintain books and records as required under N.J.S.A. 49:3 -59(b). C. Cantone's violation of N.J.S.A. 49:3-59(b) constitutes a willful violation of the Securities Law under N.J.S.A. 49:3-58(a)(2)(ii). C. Cantone violated N.J.A.C. 13:47A-6.3(a)(10), 13:47A-6.3(a)(16), 13:47A-6.3(a)(51), and 13:47A-6.3(a)(55), all of which constitute dishonest or unethical practices in the securities business under N.J.S.A. 49:3-58(a)(2)(vii). The activities set forth herein are grounds, pursuant to N.J.S.A. 49:3-58(a), for the initiation of administrative proceedings.</p>
Current Status:	Final
Action Appealed To:	State Court
Date Appeal filed:	12/02/2015
Appeal Limitation Details:	The Summary Order is in full effect.
Resolution:	Consent
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No



Resolution Date: 06/13/2017

Sanctions Ordered: Cease and Desist
Suspension
Other: Respondent agrees to engage an independent consultant ("Consultant") for CRI to whom the Bureau does not object within seven days of the execution of this Administrative Consent Order. The Consultant's responsibilities shall be to review, assess and provide recommendations as to the following aspects of CRT's business: (a) the compliance function; (b) policies and procedures; (c) the supervisory system; and (d) private placements or public offerings of securities being underwritten, offered or sold by CRI. C. Cantone agrees not to act in a supervisory capacity as to any compliance functions. C. Cantone agrees not to act in any supervisory capacity as to any individual acting as or registered as an agent and/or investment adviser representative.

Sanction 1 of 1

Sanction Type: Suspension

Capacities Affected: All Capacities

Duration: 19 months

Start Date: 11/20/2015

End Date: 06/13/2017

Regulator Statement

Christine Cantone, as Chief Compliance Officer of Cantone Research, Inc. during the relevant period of time, supervised agents that sold unregistered, fraudulent securities. Accordingly, Christine Cantone failed to reasonably supervise agents for whom she had supervisory responsibility and to enforce procedures necessary to detect and prevent such conduct as enumerated in N.J.S.A. 49:3-58(a)(2)(xi) and is a dishonest or unethical practice under N.J.S.A. 49:3-58(a)(2)(vii). Christine Cantone was responsible, as the Chief Compliance Officer and FINOP of Cantone Research, Inc. at all relevant times to create and/or maintain the books and records of Cantone Research, Inc., among other things, as set forth in the WSPM and as required under N.J.S.A. 49:3-59(b) and N.J.A.C. 13:47A-1.10.

128. Despite repeated requests from the Bureau since at least April 20, 2009, to the firm for the production of certain account and other documents, Christine Cantone failed to create and/or maintain Cantone Research Inc. account records and other documents containing the customer's personal information, financial information, investment objectives and signature. By failing to make and keep such accounts records, Christine Cantone violated CRI's own books and records maintenance procedures set forth in the WSPM. In addition, Christine Cantone violated N.J.S.A. 49:3-58(a)(2)(ii) and is a dishonest or unethical practice under N.J.S.A. 49:3-58(a)(2)(vii).



Reporting Source:	Broker
Regulatory Action Initiated By:	NJ BUREAU OF SECURITIES
Sanction(s) Sought:	Revocation
Date Initiated:	11/20/2015
Docket/Case Number:	BOS20083-15
Employing firm when activity occurred which led to the regulatory action:	CANTONE RESEARCH, INC.
Product Type:	Other: Private Placements
Allegations:	Allegations of dishonest or unethical practices by (i) failing to reasonably supervise (NJSa 49:3-58(a)(2)(xi)) the sale of unregistered securities and a registered agent that was found to have committed a fraud and (ii) failure to maintain books and records (NJSa 49:3-59(b)). Violations of N.J.A.C. 13:47A-6.3(a)(10),(16), (51), and (55).
Current Status:	Final
Action Appealed To:	Field won't clear - final no longer on appeal
Date Appeal filed:	
Appeal Limitation Details:	Field won't clear - final no longer on appeal
Resolution:	Administrative Consent 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:	06/13/2017
Sanctions Ordered:	Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	Agent



Duration: 19 months
Start Date: 11/20/2015
End Date: 06/13/2017

Broker Statement

The ordered suspension has already been served. The Administrative Consent Order dated June 13, 2017 ("ACO"), superseded the Summary Revocation Order dated November 20, 2015 ("SRO"). As stated therein, nothing in the ACO is to be construed as an admission of liability by the registrant. The ACO also states, "This Administrative Consent Order is not intended by the Bureau to subject any Respondent to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions." The majority of the allegations that form the basis of the NJ Bureau of Securities ("NJBOS") action involve the sale of private placements in 2005 and 2007. The registrant was advised by counsel in the transactions. That counsel is now being sued by the registrant for malpractice.

Disclosure 3 of 3

Reporting Source: Regulator
Regulatory Action Initiated By: FINRA
Sanction(s) Sought: Other: N/A
Date Initiated: 08/08/2011
Docket/Case Number: [2009020383002](#)
Employing firm when activity occurred which led to the regulatory action: CANTONE RESEARCH INC.
Product Type: No Product
Allegations: FINRA RULE 2010, NASD RULES 2110, 3010: CANTONE, AS VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER OF HER MEMBER FIRM, FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE AT THE FIRM. THROUGHOUT THE REGISTERED REPRESENTATIVE'S ASSOCIATION WITH THE FIRM, CANTONE WAS AWARE OF CERTAIN "RED FLAGS" THAT SHOULD HAVE ALERTED HER TO MISCONDUCT. CANTONE, HOWEVER, FAILED TO FOLLOW UP ON THOSE INDICATIONS OF POSSIBLE MISCONDUCT. AS A RESULT, THE REGISTERED REPRESENTATIVE WAS ABLE TO CONTINUE ENGAGING IN A SCHEME THROUGH WHICH HE SOLD FICTITIOUS



INVESTMENTS TO FIRM CUSTOMERS AND MISAPPROPRIATED OVER \$1.6 MILLION OF THEIR FUNDS. CANTONE SIMPLY ACCEPTED THE REGISTERED REPRESENTATIVE'S UNVERIFIED REPRESENTATIONS ABOUT THE LARGE DOLLAR DEPOSITS AND WITHDRAWALS IN AN ACCOUNT AT ANOTHER MEMBER FIRM. CANTONE RECEIVED AND REVIEWED THE ACCOUNT STATEMENTS FROM THE MEMBER FIRM BUT FAILED TO REQUEST SUPPORTING DOCUMENTATION FROM THE REGISTERED REPRESENTATIVE AND MADE NO OTHER EFFORTS TO VERIFY HIS REPRESENTATIONS. CONCERNED THAT THE REGISTERED REPRESENTATIVE MAY HAVE BEEN ENGAGING IN OUTSIDE BUSINESS ACTIVITIES OR PRIVATE SECURITIES TRANSACTIONS, CANTONE QUESTIONED THE REGISTERED REPRESENTATIVE ABOUT THE ORIGIN OF FUNDS DEPOSITED IN HIS ACCOUNT AT THE MEMBER FIRM. CANTONE ACCEPTED THE EXPLANATION THAT THE DEPOSITS WERE RELATED TO REAL ESTATE SALES OR THE REGISTERED REPRESENTATIVE'S WIFE'S SUPPOSED ANTIQUE BUSINESS. THROUGH HER STATEMENT REVIEWS, CANTONE ALSO NOTICED THAT, CONTRARY TO THE REGISTERED REPRESENTATIVE'S EARLIER REPRESENTATION THAT HE NEEDED TO PAY BILLS FROM THE ACCOUNT AT THE MEMBER FIRM, MOST OF THE WITHDRAWALS WERE CHECKS WRITTEN TO THE REGISTERED REPRESENTATIVE OR TO CASH. CANTONE DID NOT DOCUMENT HER CONCERNS WITH THE DEPOSITS OR CHECK WRITING ACTIVITY IN THE REGISTERED REPRESENTATIVE'S ACCOUNT, THE STEPS SHE TOOK TO INVESTIGATE HER CONCERNS, OR THE REGISTERED REPRESENTATIVE'S RESPONSES TO HER INQUIRIES. MANY OF THE AMOUNTS DEPOSITED IN THE REGISTERED REPRESENTATIVE'S ACCOUNT CORRESPONDED TO WITHDRAWAL AMOUNTS FROM HIS CUSTOMERS' ACCOUNT AT THE FIRM MADE SHORTLY BEFORE THE DEPOSITS. CANTONE'S REVIEW DID NOT UNCOVER THE CONNECTION. EVEN WHEN PRESENTED WITH DIRECT EVIDENCE OF THE REGISTERED REPRESENTATIVE'S DEPOSIT OF CUSTOMER FUNDS INTO HIS ACCOUNT AT ANOTHER MEMBER FIRM, CANTONE CONTINUED TO RELY ON THE REGISTERED REPRESENTATIVE'S REPRESENTATIONS. CANTONE BECAME AWARE OF A SERIES OF EMAIL CORRESPONDENCE BETWEEN THE REGISTERED REPRESENTATIVE'S SECRETARY AND A FIRM CUSTOMER'S ACCOUNTANT. THAT ELECTRONIC CORRESPONDENCE REFERENCED AN OUTSIDE EMAIL ADDRESS FOR THE REGISTERED REPRESENTATIVE AND INFORMATION REGARDING INVESTMENTS IN A PURPORTED INVESTMENT THAT WERE GIFTED TO THE CUSTOMER'S RELATIVES. FOLLOWING HER REVIEW OF THAT EMAIL CORRESPONDENCE, CANTONE QUESTIONED THE REGISTERED REPRESENTATIVE ABOUT THE CUSTOMER'S INVESTMENT AND HE TOLD HER THAT THE INVESTMENT WAS A BOND PURCHASED AT A PREVIOUS FIRM. ONCE MORE, CANTONE FAILED TO PROBE FURTHER OR TAKE REASONABLE STEPS TO SUBSTANTIATE THE REGISTERED REPRESENTATIVE'S CLAIM. SHE DID NOT REQUEST ANY DOCUMENTATION



FROM THE REGISTERED REPRESENTATIVE OR CONTACT THE CUSTOMER.

Current Status: Final

Resolution: Decision & Order of Offer of Settlement

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: 02/22/2012

Sanctions Ordered: Civil and Administrative Penalty(ies)/Fine(s)
Restitution
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:	A PRINCIPAL CAPACITY
Duration:	THREE MONTHS
Start Date:	03/19/2012
End Date:	06/18/2012



Monetary Sanction 1 of 2

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

Total Amount: \$10,000.00

Portion Levied against individual: \$10,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 03/05/2012

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Restitution

Total Amount: \$200,000.00

Portion Levied against individual: \$200,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CANTONE CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE SHE IS FINED, JOINTLY AND SEVERALLY, \$10,000, SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN A PRINCIPAL CAPACITY FOR THREE MONTHS, AND MUST PAY PARTIAL RESTITUTION, ON A JOINT AND SEVERAL BASIS, TO CUSTOMERS IN THE TOTAL AMOUNT OF \$200,000. CANTONE SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION. THIS PROOF SHALL BE PROVIDED TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE OFFER. IF FOR ANY REASON RESPONDENT CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED



EFFORTS WITHIN 120 DAYS FROM THE DATE THE OFFER IS ACCEPTED, OR SUCH ADDITIONAL PERIOD AGREED TO BY FINRA, RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED. RESPONDENT SHALL PROVIDE SATISFACTORY PROOF OF SUCH ACTION TO FINRA WITHIN 14 DAYS OF FORWARDING THE UNDISTRIBUTED RESTITUTION TO THE APPROPRIATE STATE AUTHORITY. THE IMPOSITION OF A RESTITUTION ORDER OR ANY OTHER MONETARY SANCTION HEREIN, AND THE TIMING OF SUCH ORDERED PAYMENTS, DOES NOT PRECLUDE CUSTOMERS FROM PURSUING THEIR OWN ACTIONS TO OBTAIN RESTITUTION OR OTHER REMEDIES. THE SUSPENSION IS IN EFFECT MARCH 19, 2012 THROUGH JUNE 18, 2012.

Reporting Source:	Broker
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Restitution Suspension
Date Initiated:	02/24/2012
Docket/Case Number:	2009020383002
Employing firm when activity occurred which led to the regulatory action:	CANTONE RESEARCH, INC.
Product Type:	No Product
Allegations:	RULE VIOLATIONS: 2010, 2110, 3010 RELATING TO SUPERVISION OF A REGISTERED REP
Current Status:	Final
Resolution:	Decision & Order of Offer of Settlement
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:	02/22/2012



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

Sanction 1 of 1

Sanction Type: Suspension

Capacities Affected: PRINCIPAL

Duration: 90 DAYS

Start Date: 03/19/2012

End Date: 06/18/2012

Monetary Sanction 1 of 2

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

Total Amount: \$10,000.00

Portion Levied against individual: \$0.00

Payment Plan: PAID BY MARCH 1, 2012

Is Payment Plan Current: Yes

Date Paid by individual: 02/28/2012

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Restitution

Total Amount: \$200,000.00

Portion Levied against individual: \$0.00

Payment Plan: NONE

Is Payment Plan Current: Yes

Date Paid by individual:

Was any portion of penalty waived? No



Amount Waived:



Civil - Final

This type of disclosure event involves (1) an injunction issued by a court in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action brought by a state or foreign financial regulatory authority that is dismissed by a court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	New Jersey Bureau of Securities
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Restitution Other: Recision
Date Court Action Filed:	11/20/2015
Date Notice/Process Served:	11/20/2015
Product Type:	Other: Private Placements
Type of Court:	State Court
Name of Court:	SUPERIOR COURT OF NEW JERSEY - CHANCERY DIVISION: GENERAL EQUITY
Location of Court:	ESSEX COUNTY
Docket/Case #:	ESX-C-252-15
Employing firm when activity occurred which led to the action:	CANTONE RESEARCH, INC., (CRD# 26314), CANTONE OFFICE CENTER, LLC.
Allegations:	MAKING UNTRUE STATEMENTS OF A MATERIAL FACT OR OMITTING TO STATE A MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING. CHRISTINE CANTONE FAILED TO MAINTAIN CRI'S BOOKS AND RECORDS.
Current Status:	Final
Resolution:	Consent
Resolution Date:	06/13/2017
Sanctions Ordered or Relief Granted:	Civil and Administrative Penalty(ies)/Fine(s) Restitution Other: There is also a related Administrative Action. See Occurrence #1846254.

**Monetary Sanction 1 of 2**

Monetary Sanction: Restitution
Total Amount: \$1,800,000.00
Portion against individual: 1800000

Date Paid:**Portion Waived:** No**Amount Waived:****Monetary Sanction 2 of 2**

Monetary Sanction: Monetary Fine
Total Amount: \$600,000.00
Portion against individual: 600000

Date Paid:**Portion Waived:** No**Amount Waived:****Regulator Statement**

See related Administrative Action (Occurrence #1846254). Administrative Action findings include that C. Cantone failed to reasonably supervise agents for whom she had supervisory responsibility and to enforce procedures necessary to detect and prevent such conduct as enumerated in N.J.S.A. 49:3-58(a)(2)(xi). C. Cantone failed to maintain books and records as required under N.J.S.A. 49:3 - 59(b). C. Cantone's violation of N.J.S.A. 49:3-59(b) constitutes a willful violation of the Securities Law under N.J.S.A. 49:3-58(a)(2)(ii). C. Cantone violated N.J.A.C. 13:47A-6.3(a)(10), 13:47A-6.3(a)(16), 13:47A-6.3(a)(51), and 13:47A-6.3(a)(55), all of which constitute dishonest or unethical practices in the securities business under N.J.S.A. 49:3-58(a)(2)(vii). The activities set forth herein are grounds, pursuant to N.J.S.A. 49:3-58(a), for the initiation of administrative proceedings.

Reporting Source: Broker
Initiated By: NJ BUREAU OF SECURITIES
Relief Sought: Civil and Administrative Penalty(ies)/Fine(s)
 Disgorgement
 Restitution
 Other: Rescission
Date Court Action Filed: 11/20/2015



Date Notice/Process Served: 11/20/2015
Product Type: Other: Private Placements
Type of Court: State Court
Name of Court: NJ SUPERIOR COURT
Location of Court: ESSEX COUNTY, NJ
Docket/Case #: ESX-C-252-15
Employing firm when activity occurred which led to the action: CANTONE RESEARCH, INC.
Allegations: ALLEGED VIOLATIONS OF THE NJ SECURITIES LAW RELATING TO THE SALE OF A PRIVATE OFFERING.
Current Status: Final
Resolution: Consent Order and Final Judgment
Resolution Date: 06/13/2017
Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
 Restitution
Monetary Sanction 1 of 2
Monetary Sanction: Monetary Fine
Total Amount: \$600,000.00
Portion against individual: 600000
Date Paid:
Portion Waived: No
Amount Waived:
Monetary Sanction 2 of 2
Monetary Sanction: Restitution
Total Amount: \$1,800,000.00
Portion against individual: 1800000
Date Paid:
Portion Waived: No



Amount Waived:

Broker Statement

As the Consent Order and Final Judgment states, nothing in the order is to be construed as an admission of liability by Cantone.

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As the Consent Order and Final Judgment states, nothing in the order is to be construed as an admission of liability by Cantone.

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As the Consent Order and Final Judgment states, nothing in the order is to be construed as an admission of liability by Cantone.



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 2

Reporting Source:	Broker
Employing firm when activities occurred which led to the complaint:	Cantone Research, Inc.
Allegations:	In 2011, the customer trust's settlor (now deceased) bought through Cantone an investment that went into default in 2015. Christine Cantone supervised the transaction.
Product Type:	Other: Certificate of participation in underlying 3rd party promissory note
Alleged Damages:	\$67,500.00
Is this an oral complaint?	No
Is this a written complaint?	Yes
Is this an arbitration/CFTC reparation or civil litigation?	No

Customer Complaint Information

Date Complaint Received:	01/28/2019
Complaint Pending?	No
Status:	Settled
Status Date:	02/14/2019
Settlement Amount:	\$42,500.00
Individual Contribution Amount:	\$0.00

Broker Statement	Investor had suffered no actual losses at the time of the settlement as the investment had not yet been liquidated and was well collateralized. (In FINRA Matter 2013035130101, which involved these investments, panels of both the FINRA Office of Hearing Officers (OHO) and the National Adjudicatory Council (NAC) hearing the case, also opined there we no investor losses). The Parties, without admitting liability, agreed to a settlement in order to avoid litigation costs.
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Disclosure 2 of 2



Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: CANTONE RESEARCH, INC.

Allegations: THE CLAIMANTS ALLEGE FAILURE TO SUPERVISE, BREACH OF FIDUCIARY DUTY, & NEGLIGENCE IN [THIRD PARTY'S] CRIMINAL ACTIVITIES AWAY FROM THE FIRM. BROKER OF RECORD FOR THE CLIENTS, [THIRD PARTY], CONVERTED CUSTOMER FUNDS TO HIS OWN USE IN HIS PERSONAL MERRILL LYNCH ACCOUNT. THE ACTIVITY PREDATED HIS EMPLOYMENT WITH CANTONE RESEARCH HIS PONZI SCHEME DATED BACK FROM 1992 TO 2009 WHEN IT WAS UNCOVERED BY OUR FIRM. THE CRIMINAL ACTIVITIES OF [THIRD PARTY] OCCURRED AT 5 DIFFERENT FIRMS BEFORE HE WAS EMPLOYED BY OUR FIRM.

Product Type: Other: BROKER CREATED FICTITIOUS INVESTMENT

Alleged Damages: \$1,300,000.00

Alleged Damages Amount Explanation (if amount not exact): THIS IS THE DAMAGE ALLEGED. THEY ALSO ALLEGE PUNITIVE DAMAGES IN EXCESS OF \$2 MILLION.

Arbitration Information

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

Docket/Case #: 10-02349

Date Notice/Process Served: 06/12/2010

Arbitration Pending? No

Disposition: Settled

Disposition Date: 12/17/2013

Monetary Compensation Amount: \$800,000.00

Individual Contribution Amount: \$0.00

Broker Statement [CUSTOMER] CASE 10-02923 WAS CONSOLIDATED INTO THIS ARBITRATION CASE FOR SETTLEMENT. [CUSTOMER] INFORMATION WAS ADDED ABOVE. THE FIRM SETTLED FOR \$300,000. THE FIRM'S FIDELITY BOND DIRECTLY PAID OUT \$500,000 TO THE CLAIMANT'S ATTORNEY ESCROW ACCOUNT. THESE TWO AMOUNTS IN TOTAL \$800,000.



End of Report



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