

BrokerCheck Report

PHILLIP FROST

CRD# 3043962

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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.

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.

PHILLIP FROST

CRD# 3043962

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:

No information reported.

Registration History

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

LADENBURG THALMANN & CO. INC.

CRD# 505

New York, NY

06/2005 - 12/2018

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 |
|-------------|-------|
| Civil Event | 1 |

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.

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 |
|--------------------|-------------------------------|------|-----------------|
| 06/2005 - 12/2018 | LADENBURG THALMANN & CO. INC. | 505 | 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 Dates | Employer Name | Employer Location |
|-------------------|--------------------------------------|-------------------|
| 08/2008 - Present | TRIAD ADVISORS, INC | NORCROSS, GA |
| 10/2007 - Present | INVESTACORP | MIAMI LAKES, FL |
| 10/2006 - Present | CAPITALINK, L.C. | MIAMI, FL |
| 01/2006 - Present | TEVA PHARMACEUTICAL INDUSTRIES, LTD. | MIAMI, FL |
| 03/2005 - Present | LADENBURG THALMANN & CO. INC. | MIAMI, FL |

Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

No information reported.



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 |
|-------------|---------|-------|-----------|
| Civil Event | 0 | 1 | 0 |





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.

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: | UNITED STATES SECURITIES AND EXCHANGE COMMISSION |
| Relief Sought: | Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines Other: prohibition |
| Date Court Action Filed: | 09/07/2018 |
| Product Type: | Penny Stock |
| 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 #: | 1:18-cv-08175 |
| Employing firm when activity occurred which led to the action: | Alpha Capital Anstalt; ATG Capital LLC; Frost Gamma Investments Trust; GRQ Consultants, Inc.; HS Contrarian Investments, LLC; Grander Holdings, Inc.; Melechdavid, Inc.; OPKO Health, Inc.; Southern Biotech, Inc.; and Stetson Capital Investments Inc. |
| Allegations: | The Securities and Exchange Commission ("Commission"), for its Complaint against Defendants Barry C. Honig ("Honig"), John Stetson ("Stetson"), Michael Brauser ("Brauser"), John R. O'Rourke III ("O'Rourke"), Mark Groussman |



("Grossman"), Phillip Frost ("Frost"), Robert Ladd ("Ladd"), Elliot Maza ("Maza"), Brian Keller ("Keller"), John H. Ford ("Ford"), Alpha Capital Anstalt ("Alpha"), ATG Capital LLC ("ATG"), Frost Gamma Investments Trust ("FGIT"), GRQ Consultants, Inc. ("GRQ"), HS Contrarian Investments, LLC ("HSCI"), Grander Holdings, Inc. ("Grander"), Melechdavid, Inc. ("Melechdavid"), OPKO Health, Inc. ("Opko"), Southern Biotech, Inc. ("Southern Biotech"), and Stetson Capital Investments Inc. ("SCI") (collectively, "Defendants"), alleges that this case involves three highly profitable "pump-and-dump" schemes perpetrated by Honig, Stetson, Brauser, O'Rourke, Grossman, and Frost, and their entities GRQ, SCI, Grander, HSCI, Melechdavid, ATG, Opko, FGIT, and Southern Biotech from 2013 through 2018 in the stock of three public companies (Company A, Company B, and Company C) that, while enriching Defendants by millions of dollars, left retail investors holding virtually worthless shares. Honig was the primary strategist, calling upon other Defendants to buy or sell stock, arrange for the issuance of shares, negotiate transactions, or engage in promotional activity. Honig orchestrated his and his associates' acquisition of a large quantity of the issuer's stock at steep discounts, either by acquiring a shell and executing a reverse merger or by participating in financings on terms highly unfavorable to the company. Honig, and soiree combination of Stetson, Brauser, O'Rourke, Grossman and Frost, either explicitly or tacitly agreed to buy, hold or sell their shares in coordination with one another, knowing that a pump and dump was in the offing that would allow them all to profit handsomely. Once Honig and his associates had secured substantial ownership of the issuer, they acted as an undisclosed control group, directing the issuer's management for their benefit, including orchestrating transactions designed to create market interest in the company or to solidify their control. To profit from their investment Honig and his associates would arrange and pay for the promotion of the stock, directing their co-defendant Ford, or a similar promoter, to write favorable and materially misleading articles about the company whose stock price they wanted to inflate. To magnify the intended boost to volume and price that would follow a promotional article's release, Honig, Brauser, O'Rourke, Grossman, Melechdavid and ATG engaged in pre-release manipulative trading, priming investor interest. In connection with the Company B and Company C schemes, Honig, Brauser, Stetson, O'Rourke, Frost and Grossman, as well as certain of their entities, also violated beneficial ownership reporting requirements of the federal securities laws by failing to disclose their group beneficial ownership of shares and the fact that as a group they were looking to exercise (and, in fact, did exercise) control over the issuers. Maza (Company A's CEO), Keller (Company A's Chief Scientific Officer and a Director) and Ladd (Company B's CEO), acted separately at the direction of Honig and his confederates to take steps beneficial to that group at the expense of each company's public shareholders, and signed public filings they knew to be false to hide the group's beneficial ownership and existence. Maza and Keller signed Company A's public filings, in which they knowingly or recklessly omitted to disclose the share ownership as a group of Honig, Brauser, Frost, Stetson, and Grossman, or the size of each of their holdings. Similarly, Company B's CEO, Ladd, also signed false public filings,



making material misstatements in them about the substantial group ownership of Company B shares held by Honig, Brauser, Stetson, O'Rourke, and Groussman.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 01/10/2019

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction
Monetary Penalty other than Fines
Other: Penny Stock Bar; Undertakings

Capacities 1 of 1

Capacities Affected: N/A

Duration: Permanent

Start Date: 01/10/2019

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Disgorgement

Total Amount: \$433,181.06

Portion against individual: 433181.06

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$5,000,000.00

Portion against individual: 5000000

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3



Monetary Sanction: prejudgment interest

Total Amount: \$90,206.46

Portion against individual: 90206.46

Date Paid:

Portion Waived: No

Amount Waived:

Regulator Statement A final judgment as to Phillip Frost was issued on January 10, 2019. Frost is permanently restrained and enjoined from violating Sections 17(a)(2) and 5(a)(c) of the Securities Act of 1933 (the "Securities Act"). Frost is permanently restrained and enjoined from violating, directly or indirectly, Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 13d-1(a) promulgated thereunder. Frost is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. Frost is liable for disgorgement of \$433,181.06, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$90,206.46, and a civil penalty in the amount of \$5,000,000. Frost shall comply with all of the undertakings and agreements set forth therein.

Reporting Source: Broker

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Relief Sought: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction
Monetary Penalty other than Fines
Other: Prohibition

Date Court Action Filed: 09/07/2018

Date Notice/Process Served: 09/14/2018

Product Type: Penny Stock

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 #: 18-CV-08175

Employing firm when activity occurred which led to the action: Ladenburg Thalmann & Co. Inc.(approved person)

Allegations: In its complaint, the Securities and Exchange Commission alleges that a number of individuals and entities, including Dr. Phillip Frost, engaged in improper trading activities of three unnamed securities, allegedly in violation of Section 10(b) of the Exchange Act (15 U.S.C. § 78j(b)) and Rule 10b-5(b) thereunder (17 C.F.R. § 240.10b-5(b)); Section 17(a)(2) of the Securities Act (15 U.S.C. § 77q(a)(2); Sections 5(a) and (c) of the Securities Act (15 U.S.C. §§ 77e(a), (c)); and Section 13(d) of the Exchange Act (15 U.S.C. § 78m(d)) and Rule 13d-1(a) thereunder (17 C.F.R. § 240.13d-1(a)). Dr. Frost also is charged with aiding and abetting violations of Section 10(b) of the Exchange Act (15 U.S.C. § 78j(b)) and Rule 10b-5(a) and (c) thereunder (17 C.F.R. § 240.10b-5(a), (c)); and aiding and abetting violations of Section 17(a)(1) and (3) of the Securities Act (15 U.S.C. § 77q(a)(1), (3)). Dr. Frost denies the SEC's allegations and asserts that he has not violated the securities laws.

Current Status: Pending

Limitations or Restrictions in Effect During Appeal: None

End of Report



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