

BrokerCheck Report

JAMES TAO

CRD# 3260224

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



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

brokercheck.finra.org



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

For more information about FINRA, visit www.finra.org.

JAMES TAO

CRD# 3260224

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
- 3 General Industry/Product Exams
- 2 State Securities Law Exams

Registration History

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

- B SUNBELT SECURITIES, INC.**
CRD# 42180
HOUSTON, TX
08/2012 - 03/2016
- B MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**
CRD# 7691
HOUSTON, TX
02/2011 - 08/2012
- B ASSENT LLC**
CRD# 104162
BOLINGBROOK, IL
09/2004 - 03/2006

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	2
Civil Event	1
Termination	1

Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at <https://www.adviserinfo.sec.gov>

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 0 principal/supervisory exams, 3 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination	SIE	03/03/2016
B General Securities Representative Examination	Series 7	02/25/2011
B Limited Representative-Equity Trader Exam	Series 55	08/12/1999

State Securities Law Exams

Exam	Category	Date
B IA Uniform Combined State Law Examination	Series 66	03/29/2011
B Uniform Securities Agent State Law Examination	Series 63	07/05/2005

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 08/2012 - 03/2016	SUNBELT SECURITIES, INC.	42180	HOUSTON, TX
B 02/2011 - 08/2012	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	7691	HOUSTON, TX
B 09/2004 - 03/2006	ASSENT LLC	104162	BOLINGBROOK, IL
B 07/1999 - 06/2001	ELECTRONIC TRADING GROUP, LLC	37453	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
08/2012 - Present	SUNBELT SECURITIES INC	REGISTERED REPRESENTATIVE	Y	HOUSTON, TX, 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.

CAPHIN INC (OBA): NOT INVESTMENT RELATED. 1121 DELANO ST, HOUSTON, TX 77003. DIRECTOR; FINANCE. START: 01/2013. VARIES OFF PROFITS THE COMPANY MAKES. 10 TO 12 HOURS A WEEK. NONE DURING TRADING.

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	2	0
Civil Event	0	1	0
Termination	N/A	1	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 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	01/08/2018
Docket/Case Number:	3-18332
Employing firm when activity occurred which led to the regulatory action:	
Product Type:	Other: Company stock
Allegations:	The SEC deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 against James C. Tao. In anticipation of the institution of these proceedings, Respondent 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, 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, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b)



of the Exchange Act and Section 203(f) of the Advisers Act, Making Findings, and Imposing Remedial Sanctions. On the basis of this Order and Respondent's Offer, the Commission finds that on December 18, 2017, a final judgment was entered by consent against Tao, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder in the Civil Action Number 4:17-cv-03678, in the United States District Court for the Southern District of Texas, Houston Division.

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:	01/08/2018
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 2

Sanction Type:	Bar (Permanent)
Capacities Affected:	penny stock
Duration:	Indefinite
Start Date:	01/08/2018
End Date:	

Sanction 2 of 2



Sanction Type:	Bar (Permanent)
Capacities Affected:	broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO
Duration:	Indefinite
Start Date:	01/08/2018
End Date:	
Regulator Statement	<p>In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Tao's Offer. Accordingly, it is hereby ordered pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Tao be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and Pursuant to Section 15(b)(6) of the Exchange Act Respondent Tao be, and hereby is barred from participating in any offering of a penny stock. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors.</p>

Disclosure 2 of 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Suspension
Date Initiated:	05/24/2016
Docket/Case Number:	2016049120001
Employing firm when activity occurred which led to the regulatory action:	n/a
Product Type:	No Product
Allegations:	Respondent Tao failed to respond to FINRA request for information.
Current Status:	Final
Resolution:	letter



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Resolution Date:

08/29/2016

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 2

Sanction Type: Bar (Permanent)

Capacities Affected: All Capacities

Duration: Indefinite

Start Date: 08/29/2016

End Date:

Sanction 2 of 2



Sanction Type: Suspension

Capacities Affected: Any capacity

Duration: n/a

Start Date: 06/17/2016

End Date: 08/28/2016

Regulator Statement Pursuant to FINRA Rule 9552(h) and in accordance with FINRA's Notice of Suspension and Suspension from Association letters dated May 24, 2016 and June 17, 2016, respectively, on August 29, 2016, Tao is barred from association with any FINRA member in any capacity. Respondent failed to request termination of his suspension within three months of the date of the Notice of Suspension; therefore, he is automatically barred from association with any FINRA member in any capacity.



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
Date Court Action Filed:	12/05/2017
Product Type:	Other: private equity fund
Type of Court:	Federal Court
Name of Court:	U.S. District Court for the Southern District of Texas
Location of Court:	Houston, TX
Docket/Case #:	4:17cv3678
Employing firm when activity occurred which led to the action:	
Allegations:	<p>The Securities and Exchange Commission (the "Commission") files this Complaint against James C. Tao ("Tao") and another individual (collectively, "Defendants") and alleges that defendants operated a branch office of a registered investment adviser and broker-dealer in Houston, Texas (the "Registered Firm"). While associated with the Registered Firm, Defendants formed a private equity fund called PVC, LLC ("PVC") to purportedly invest in Houston-area technology start-up companies. Without the Registered Firm's knowledge or approval, Defendants raised approximately \$860,000 offering and selling membership units in PVC to their advisory clients and brokerage customers at the Registered Firm and to other family, friends, and contacts.</p> <p>The Commission brings this enforcement action because Defendant Tao made material misrepresentations and omissions in connection with the offer and sale of units in the fund (i.e., securities) in violation of the antifraud provisions of the federal securities laws. Tao falsely claimed that investor funds would be held in escrow and returned if PVC did not raise at least \$2.5 million, and Tao failed to timely or adequately disclose that PVC was investing in companies he owned or in which he had a personal stake, which was a clear conflict of interest. Tao also</p>



misled investors about the use of investor funds, including the use of new investor money to pay back earlier investors, and misappropriated investor funds for his personal benefit.

Further, Tao and the other defendant acted as unregistered brokers in violation of Section 15(a) of the Securities Exchange Act of 1934 (the "Exchange Act") when they offered and sold units in PVC. Section 15(a) requires brokers to be registered with the Commission or to be associated with a registered broker. Defendants did not register, and because they were offering and selling the PVC interests outside of their employment with the Registered Firm (a/k/a "selling away"), their association with the Registered Firm did not cover the transactions at issue.

As a result of the conduct alleged Tao violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act of 1933, Section 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), (2) and (4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 12/13/2017

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

Capacities 1 of 1

Capacities Affected: N/A

Duration: permanent

Start Date: 12/15/2017

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Disgorgement

Total Amount: \$155,970.67

Portion against individual: 155970.67

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3



Monetary Sanction: Monetary Fine

Total Amount: \$150,000.00

Portion against individual: 150000

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Sanction: pre-judgment interest

Total Amount: \$7,965.65

Portion against individual: 7965.65

Date Paid:

Portion Waived: No

Amount Waived:

Regulator Statement

On December 13, 2017, the US District Court for the Southern District of Texas issued a Final Judgment as to Defendant James Tao wherein it took from him \$155,970.67 on the claim of disgorgement; pre-judgement interest of \$7,965.65; a civil penalty of 150,000.00; and post-judgment interest on the amount of damages awarded to be compounded annually at the applicable statutory interest rate. On December 15, 2017, an Amended Final Judgement permanently enjoined Tao from violating Section 17(a) of the Securities Act of 1933; Sections 10(b), 15(a), and rule 10b-5 of the Securities Exchange Act of 1934; Sections 206(1),(2),(4), and rule 206(4)-8 of the Investment Advisors Act of 1940; and from soliciting or accepting funds from any person or entity for unregistered offerings of securities.



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 1

Reporting Source:	Firm
Employer Name:	Sunbelt Securities, Inc.
Termination Type:	Discharged
Termination Date:	03/03/2016
Allegations:	Registrant is under internal review for potential violations of FINRA Rules. These violations relate to failure to provide prior written notification and receive written approval for outside business activities and private securities transactions.
Product Type:	Direct Investment-DPP & LP Interests
Firm Statement	Internal review is ongoing.

End of Report



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