

BrokerCheck Report

MICHAEL LEE KARELS

CRD# 3260727

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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:
 - 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.

MICHAEL L. KARELS

CRD# 3260727

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

IA RBC CAPITAL MARKETS, LLC
 250 NICOLLET MALL
 SUITE 2000, 16th Floor
 MINNEAPOLIS, MN 55401
 CRD# 31194
 Registered with this firm since: 02/11/2009

B RBC CAPITAL MARKETS, LLC
 250 NICOLLET MALL
 SUITE 2000, 16th Floor
 MINNEAPOLIS, MN 55401-1931
 CRD# 31194
 Registered with this firm since: 02/11/2009

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications**This broker is registered with:**

- 22 Self-Regulatory Organizations
- 38 U.S. states and territories

This broker has passed:

- 0 Principal/Supervisory Exams
- 2 General Industry/Product Exams
- 2 State Securities Law Exams

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

- IA UBS FINANCIAL SERVICES INC.**
 CRD# 8174
 WEEHAWKEN, NJ
 02/2007 - 03/2009
- B UBS FINANCIAL SERVICES INC.**
 CRD# 8174
 MINNEAPOLIS, MN
 08/2006 - 03/2009
- B PIPER JAFFRAY & CO.**
 CRD# 665
 MINNEAPOLIS, MN
 06/2000 - 08/2006

**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
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 individual is currently registered with 22 SROs and is licensed in 38 U.S. states and territories through his or her employer.

Employment 1 of 1

Firm Name: **RBC CAPITAL MARKETS, LLC**

Main Office Address: **200 VESEY ST.
NEW YORK, NY 10281**

Firm CRD#: **31194**

	SRO	Category	Status	Date
B	BOX Exchange LLC	General Securities Representative	Approved	05/11/2012
B	Cboe BYX Exchange, Inc.	General Securities Representative	Approved	11/18/2020
B	Cboe BZX Exchange, Inc.	General Securities Representative	Approved	11/18/2020
B	Cboe C2 Exchange, Inc.	General Securities Representative	Approved	11/18/2020
B	Cboe EDGA Exchange, Inc.	General Securities Representative	Approved	11/18/2020
B	Cboe EDGX Exchange, Inc.	General Securities Representative	Approved	11/18/2020
B	Cboe Exchange, Inc.	General Securities Representative	Approved	02/11/2009
B	FINRA	General Securities Representative	Approved	02/11/2009
B	Investors' Exchange LLC	General Securities Representative	Approved	11/18/2020
B	Long-Term Stock Exchange, Inc.	General Securities Representative	Approved	11/01/2020
B	MEMX LLC	General Securities Representative	Approved	11/01/2020
B	MIAX PEARL, LLC	General Securities Representative	Approved	11/02/2020
B	NYSE American LLC	General Securities Representative	Approved	02/11/2009
B	NYSE Arca, Inc.	General Securities Representative	Approved	02/11/2009
B	NYSE National, Inc.	General Securities Representative	Approved	11/18/2020

Broker Qualifications



Employment 1 of 1, continued

SRO	Category	Status	Date
B NYSE Texas, Inc.	General Securities Representative	Approved	11/18/2020
B Nasdaq BX, Inc.	General Securities Representative	Approved	02/11/2009
B Nasdaq GEMX, LLC	General Securities Representative	Approved	11/18/2020
B Nasdaq ISE, LLC	General Securities Representative	Approved	02/11/2009
B Nasdaq PHLX LLC	General Securities Representative	Approved	02/11/2009
B Nasdaq Stock Market	General Securities Representative	Approved	02/11/2009
B New York Stock Exchange	General Securities Representative	Approved	02/11/2009

U.S. State/ Territory	Category	Status	Date
B Arizona	Agent	Approved	03/11/2009
B Arkansas	Agent	Approved	01/17/2017
B California	Agent	Approved	02/11/2009
B Colorado	Agent	Approved	02/11/2009
B Connecticut	Agent	Approved	02/11/2009
B Delaware	Agent	Approved	03/09/2015
B District of Columbia	Agent	Approved	04/23/2025
B Florida	Agent	Approved	02/11/2009
B Georgia	Agent	Approved	11/02/2020
B Hawaii	Agent	Approved	05/24/2017
B Idaho	Agent	Approved	11/16/2021
B Illinois	Agent	Approved	02/11/2009
B Kansas	Agent	Approved	05/02/2025

Broker Qualifications



Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	Louisiana	Agent	Approved	12/15/2014
B	Maine	Agent	Approved	02/11/2009
B	Maryland	Agent	Approved	07/02/2019
B	Massachusetts	Agent	Approved	10/31/2016
B	Michigan	Agent	Approved	10/25/2013
B	Minnesota	Agent	Approved	02/11/2009
IA	Minnesota	Investment Adviser Representative	Approved	11/14/2013
B	Montana	Agent	Approved	03/11/2024
B	Nebraska	Agent	Approved	09/12/2018
B	Nevada	Agent	Approved	05/01/2017
B	New Jersey	Agent	Approved	02/11/2009
B	New York	Agent	Approved	02/11/2009
B	North Carolina	Agent	Approved	01/31/2014
B	North Dakota	Agent	Approved	01/14/2017
B	Ohio	Agent	Approved	03/16/2020
B	Oklahoma	Agent	Approved	04/21/2017
B	Oregon	Agent	Approved	01/04/2013
B	Pennsylvania	Agent	Approved	01/17/2018
B	South Carolina	Agent	Approved	08/26/2025
B	South Dakota	Agent	Approved	01/11/2018
B	Tennessee	Agent	Approved	11/19/2021

Broker Qualifications



Employment 1 of 1, continued

	U.S. State/ Territory	Category	Status	Date
B	Texas	Agent	Approved	02/11/2009
IA	Texas	Investment Adviser Representative	Restricted Approval	02/11/2009
B	Vermont	Agent	Approved	10/05/2023
B	Virginia	Agent	Approved	02/11/2009
B	Washington	Agent	Approved	12/19/2013
B	Wisconsin	Agent	Approved	02/11/2009

Branch Office Locations

RBC CAPITAL MARKETS, LLC
250 NICOLLET MALL
SUITE 2000, 16th Floor
MINNEAPOLIS, MN 55401-1931

RBC CAPITAL MARKETS, LLC
Edina, MN



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, 2 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	10/01/2018
B General Securities Representative Examination	Series 7	08/23/1999

State Securities Law Exams

Exam	Category	Date
B IA Uniform Combined State Law Examination	Series 66	11/03/2003
B Uniform Securities Agent State Law Examination	Series 63	08/30/1999

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 **1** professional designation(s).

Certified Financial Planner

This representative holds or did hold **1** professional designation(s) that may have been used to qualify as an Investment Advisor representative. Please check with the appropriate designation authority for verification that the designation is still in effect. The contact information for these professional designation authorities can be found on the website for the North American Securities Administrators Association at <http://www.nasaa.org>



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
IA 02/2007 - 03/2009	UBS FINANCIAL SERVICES INC.	8174	MINNEAPOLIS, MN
B 08/2006 - 03/2009	UBS FINANCIAL SERVICES INC.	8174	MINNEAPOLIS, MN
B 06/2000 - 08/2006	PIPER JAFFRAY & CO.	665	MINNEAPOLIS, MN
B 08/1999 - 05/2000	PRIMEVEST FINANCIAL SERVICES, INC.	15340	ST. CLOUD, MN

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
02/2009 - Present	RBC CAPITAL MARKETS, LLC	Registered Representative	Y	MINNEAPOLIS, MN, United States
10/2016 - 12/2023	City National Bank	Employee of an affiliate	Y	Minneapolis, MN, 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.

(1) Name of Entity - Duplex purchase for rental

Address - 11421/11425 Osage St NW, Coon Rapids, MN

Business Description - Duplex purchase for rental

Business is not investment related

Projected Start Date: 08/22/2019

Capacity: Owner - Active, Owner - Passive

Duties Performed: Will initially be the landlord but will look to outsource this to a Renter's Warehouse or something similar fairly quickly.

Hours Devoted to this OBA per Month: 1 to 2 Hours

Hours Devoted to this OBA during business hours: 1



Registration and Employment History

Other Business Activities, continued

(2) NAME OF ENTITY: MKSN Partnership;

ADDRESS: Personal Residence;

NOT INVESTMENT RELATED;

BUSINESS DESCRIPTION: Partnership - intended for real estate flips;

CAPACITY: Owner-Passive;

START DATE: 12/2019;

DUTIES: Decisions in regards to purchase or properties and sell offers, paying bills on the properties (taxes, insurance, utilities, improvements on the properties), keeping the books on the properties and filing the taxes;

HOURS DEVOTED PER MONTH: Less than 1 hr, may be up to 2 or 3 hrs during short periods if needed;

HOURS DEVOTED DURING SECURITIES HOURS PER MONTH: 0;

3) NAME OF ENTITY: Northern Clay Center

ADDRESS: 2424 E Franklin Ave, Minneapolis, Minnesota, 55406

INVESTMENT/NOT INVESTMENT RELATED: No

BUSINESS DESCRIPTION: Foundation/Charitable Institution

START DATE: 23/09/2024

CAPACITY: Treasurer, Board of Directors

DUTIES: Board member: duties collectively for the board (3 year terms), Setting general policy and direction for the overall management of the org as well as general fiscal mgmt, Hiring and evaluating the director.

Treasurer: requested to start April 15th 2025: Overseeing the organization's financial administration, including managing everyday financial activities, reviewing and enforcing financial policies and procedures, generating financial reports, creating a budget, advising the board on financial strategy and fundraising, Reviewing plans and budgets from the director, Evaluating over-all organizational effectiveness, Bringing human and financial resources to the aid of the organization, Participating in public program activities including attending exhibition openings and special events, Being an advocate to the public for NCC, Being a positive working member of the board

HOURS DEVOTED PER MONTH: 0 - 4 Hours

HOURS DEVOTED DURING SECURITIES HOURS PER MONTH: 0 - 4 Hours

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
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.

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:	Firm
Employing firm when activities occurred which led to the complaint:	UBS FINANCIAL SERVICES, INC.
Allegations:	THE COMPLAINT AROSE OUT OF THE SALE OF AN AUCTION RATE SECURITY (ARS) THAT WAS MADE PRIOR TO THE WIDESPREAD ILLIQUIDITY IN THE ARS MARKET THAT OCCURRED IN FEBRUARY 2008.
Product Type:	Other: AUCTION RATE SECURITIES
Alleged Damages:	\$0.00
Alleged Damages Amount Explanation (if amount not exact):	CLIENT DID NOT MAKE A CLAIM FOR COMPENSATORY DAMAGES OR CLIENT SOUGHT DAMAGES UP TO \$50,000.00.
Is this an oral complaint?	Yes
Is this a written complaint?	No
Is this an arbitration/CFTC reparation or civil litigation?	No

Customer Complaint Information

Date Complaint Received:	07/08/2008
Complaint Pending?	No
Status:	Settled



Status Date: 12/23/2008

Settlement Amount: \$50,000.00

Individual Contribution Amount: \$0.00

Firm Statement

THE COMPLAINT AROSE IN CONNECTION WITH THE INDUSTRY WIDE BREAKDOWN OF LIQUIDITY IN THE MARKET FOR AUCTION RATE SECURITIES ("ARS"). THE FIRM AGREED TO REPURCHASE THE ARS SECURITIES AT ISSUE AT PAR VALUE FROM THE CLIENT PURSUANT TO A GLOBAL REPURCHASE AGREEMENT IT ENTERED INTO WITH SEVERAL REGULATORY BODIES. THIS WAS NOT A SETTLEMENT OF A DISPUTE BETWEEN THE CLIENT AND THE REPRESENTATIVE AND WAS NOT BASED ON THE MERITS OF THE CLIENT'S SPECIFIC CONCERNS OR ANY FINDING OF FAULT OR WRONGDOING BY THE NAMED REPRESENTATIVE. THE NAMED REPRESENTATIVE WAS NOT A PARTY TO, AND DID NOT AGREE TO OR PARTICIPATE IN, THE REPURCHASE AGREEMENT BETWEEN THE FIRM AND THE RELEVANT REGULATORY BODIES. THE NAMED REPRESENTATIVE DID NOT MAKE ANY PAYMENTS TO THE CLIENT AND THE NAMED REPRESENTATIVE WAS NOT ASKED TO AND DID NOT CONTRIBUTE TO THE SETTLEMENT AMOUNT. THE LISTED "SETTLEMENT AMOUNT" REPRESENTS ONLY THE GROSS INITIAL PAR VALUE OF THE ARS POSITION AND DOES NOT TAKE INTO ACCOUNT THE ACTUAL VALUE OF THE ARS POSITION AT THE TIME THE FIRM RECEIVED IT BACK FROM THE CLIENT IN CONNECTION WITH THE SETTLEMENT. THIS MATTER IS BEING REPORTED AS A SETTLEMENT PURSUANT TO THE REQUIREMENTS OF FINRA REGULATORY NOTICE 09-12.

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: UBS FINANCIAL SERVICES, INC.

Allegations: THE COMPLAINT AROSE OUT OF THE SALE OF AN AUCTION RATE SECURITY (ARS) THAT WAS MADE PRIOR TO THE WIDESPREAD ILLIQUIDITY IN THE ARS MARKET THAT OCCURRED IN FEBRUARY 2008.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$0.00

Alleged Damages Amount Explanation (if amount not exact): CLIENT DID NOT MAKE A CLAIM FOR COMPENSATORY DAMAGES OR CLIENT SOUGHT DAMAGES UP TO \$50,000.00



Is this an oral complaint? Yes

Is this a written complaint? No

Is this an arbitration/CFTC
reparation or civil litigation? No

Customer Complaint Information

Date Complaint Received: 07/08/2008

Complaint Pending? No

Status: Settled

Status Date: 12/23/2008

Settlement Amount: \$50,000.00

Individual Contribution
Amount: \$0.00

Broker Statement

THE COMPLAINT AROSE IN CONNECTION WITH THE INDUSTRY WIDE BREAKDOWN OF LIQUIDITY IN THE MARKET FOR AUCTION RATE SECURITIES ("ARS"). THE FIRM AGREED TO REPURCHASE THE ARS SECURITIES AT ISSUE AT PAR VALUE FROM THE CLIENT PURSUANT TO A GLOBAL REPURCHASE AGREEMENT IT ENTERED INTO WITH SEVERAL REGULATORY BODIES. THIS WAS NOT A SETTLEMENT OF A DISPUTE BETWEEN THE CLIENT AND THE REPRESENTATIVE AND WAS NOT BASED ON THE MERITS OF THE CLIENT'S SPECIFIC CONCERNS OR ANY FINDING OF FAULT OR WRONGDOING BY THE NAMED REPRESENTATIVE. THE NAMED REPRESENTATIVE WAS NOT A PARTY TO, AND DID NOT AGREE TO OR PARTICIPATE IN, THE REPURCHASE AGREEMENT BETWEEN THE FIRM AND THE RELEVANT REGULATORY BODIES. THE NAMED REPRESENTATIVE DID NOT MAKE ANY PAYMENTS TO THE CLIENT AND THE NAMED REPRESENTATIVE WAS NOT ASKED TO AND DID NOT CONTRIBUTE TO THE SETTLEMENT AMOUNT. THE LISTED "SETTLEMENT AMOUNT" REPRESENTS ONLY THE GROSS INITIAL PAR VALUE OF THE ARS POSITION AND DOES NOT TAKE INTO ACCOUNT THE ACTUAL VALUE OF THE ARS POSITION AT THE TIME THE FIRM RECEIVED IT BACK FROM THE CLIENT IN CONNECTION WITH THE SETTLEMENT. THIS MATTER IS BEING REPORTED AS A SETTLEMENT PURSUANT TO THE REQUIREMENTS OF FINRA REGULATORY NOTICE 09-12.

Disclosure 2 of 2

Reporting Source: Firm

Employing firm when: UBS FINANCIAL SERVICES, INC.



activities occurred which led to the complaint:

Allegations: CLIENT ALLEGES THAT FINANCIAL ADVISOR PLACES HIS MONEY IN SOMETHING HE DID NOT AUTHORIZE. CLIENT FURTHER STATES HE WAS LET TO BELIEVE THAT HIS FUNDS WERE SAFE AND ACCESSIBLE. DAMAGES ESTIMATED TO BE IN EXCESS OF \$5000.00

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$5,000.00

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: 03/13/2008

Complaint Pending? No

Status: Settled

Status Date: 12/23/2008

Settlement Amount: \$525,000.00

Individual Contribution Amount: \$0.00

Firm Statement THE COMPLAINT AROSE IN CONNECTION WITH THE INDUSTRY WIDE BREAKDOWN OF LIQUIDITY IN THE MARKET FOR AUCTION RATE SECURITIES ("ARS"). THE FIRM AGREED TO REPURCHASE THE ARS SECURITIES AT ISSUE AT PAR VALUE FROM THE CLIENT PURSUANT TO A GLOBAL REPURCHASE AGREEMENT IT ENTERED INTO WITH SEVERAL REGULATORY BODIES. THIS WAS NOT A SETTLEMENT OF A DISPUTE BETWEEN THE CLIENT AND THE REPRESENTATIVE AND WAS NOT BASED ON THE MERITS OF THE CLIENT'S SPECIFIC CONCERNS OR ANY FINDING OF FAULT OR WRONGDOING BY THE NAMED REPRESENTATIVE. THE NAMED REPRESENTATIVE WAS NOT A PARTY TO, AND DID NOT AGREE TO OR PARTICIPATE IN, THE REPURCHASE AGREEMENT BETWEEN THE FIRM AND THE RELEVANT REGULATORY BODIES. THE NAMED REPRESENTATIVE DID NOT MAKE ANY PAYMENTS TO THE CLIENT AND THE NAMED REPRESENTATIVE WAS NOT ASKED TO AND DID NOT CONTRIBUTE TO THE SETTLEMENT AMOUNT. THE LISTED "SETTLEMENT AMOUNT" REPRESENTS ONLY THE GROSS INITIAL PAR VALUE OF THE ARS POSITION AND DOES



NOT TAKE INTO ACCOUNT THE ACTUAL VALUE OF THE ARS POSITION AT THE TIME THE FIRM RECEIVED IT BACK FROM THE CLIENT IN CONNECTION WITH THE SETTLEMENT. THIS MATTER IS BEING REPORTED AS A SETTLEMENT PURSUANT TO THE REQUIREMENTS OF FINRA REGULATORY NOTICE 09-12.(SEE OCCURRENCE # 1396547)

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: UBS FINANCIAL SERVICES INC

Allegations: CLIENT ALLEGES THAT FINANCIAL ADVISOR PLACES HIS MONEY IN SOMETHING HE DID NOT AUTHORIZE. CLIENT FURTHER STATES HE WAS LET TO BELIEVE THAT HIS FUNDS WERE SAFE AND ACCESSIBLE. DAMAGES ESTIMATED TO BE IN EXCESS OF \$5000.00

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$5,000.00

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: 03/13/2008

Complaint Pending? No

Status: Settled

Status Date: 12/23/2008

Settlement Amount: \$525,000.00

Individual Contribution Amount: \$0.00

Broker Statement THE COMPLAINT AROSE IN CONNECTION WITH THE INDUSTRY WIDE BREAKDOWN OF LIQUIDITY IN THE MARKET FOR AUCTION RATE SECURITIES ("ARS"). THE FIRM AGREED TO REPURCHASE THE ARS SECURITIES AT ISSUE AT PAR VALUE FROM THE CLIENT PURSUANT TO A GLOBAL REPURCHASE AGREEMENT IT ENTERED INTO WITH SEVERAL REGULATORY BODIES. THIS WAS NOT A SETTLEMENT OF A DISPUTE



BETWEEN THE CLIENT AND THE REPRESENTATIVE AND WAS NOT BASED ON THE MERITS OF THE CLIENT'S SPECIFIC CONCERNS OR ANY FINDING OF FAULT OR WRONGDOING BY THE NAMED REPRESENTATIVE. THE NAMED REPRESENTATIVE WAS NOT A PARTY TO, AND DID NOT AGREE TO OR PARTICIPATE IN, THE REPURCHASE AGREEMENT BETWEEN THE FIRM AND THE RELEVANT REGULATORY BODIES. THE NAMED REPRESENTATIVE DID NOT MAKE ANY PAYMENTS TO THE CLIENT AND THE NAMED REPRESENTATIVE WAS NOT ASKED TO AND DID NOT CONTRIBUTE TO THE SETTLEMENT AMOUNT. THE LISTED "SETTLEMENT AMOUNT" REPRESENTS ONLY THE GROSS INITIAL PAR VALUE OF THE ARS POSITION AND DOES NOT TAKE INTO ACCOUNT THE ACTUAL VALUE OF THE ARS POSITION AT THE TIME THE FIRM RECEIVED IT BACK FROM THE CLIENT IN CONNECTION WITH THE SETTLEMENT. THIS MATTER IS BEING REPORTED AS A SETTLEMENT PURSUANT TO THE REQUIREMENTS OF FINRA REGULATORY NOTICE 09-12.(SEE OCCURRENCE # 1396547)

End of Report



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