

## BrokerCheck Report

**EDWARD WILLIAM WEDBUSH**

CRD# 461221

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



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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).

**EDWARD W. WEDBUSH**

CRD# 461221

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:

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

### Registration History

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

- B** **LIME BROKERAGE LLC**  
CRD# 104369  
MORRISTOWN, NJ  
01/2013 - 01/2020
- B** **WEDBUSH SECURITIES INC.**  
CRD# 877  
LOS ANGELES, CA  
09/1966 - 01/2020



### 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
Customer Dispute	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 1 principal/supervisory exam, 2 general industry/product exams, and 0 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
<b>B</b> Registered Options Principal Examination	Series 4	09/13/1977

### General Industry/Product Exams

Exam	Category	Date
<b>B</b> Securities Industry Essentials Examination	SIE	10/01/2018
<b>B</b> NYSE Allied Member Examination	Series 41	01/28/1971

### State Securities Law Exams

Exam	Category	Date
No information reported.		

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/](http://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>B</b> 01/2013 - 01/2020	LIME BROKERAGE LLC	104369	MORRISTOWN, NJ
<b>B</b> 09/1966 - 01/2020	WEDBUSH SECURITIES INC.	877	LOS ANGELES, CA

### 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
06/1955 - Present	WEDBUSH SECURITIES INC	REGISTERED REP	Y	LOS ANGELES, CA, 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.

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:**
  - 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
Customer Dispute	0	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

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	NYSE Arca, Inc.
<b>Sanction(s) Sought:</b>	Other: n/a
<b>Date Initiated:</b>	10/16/2017
<b>Docket/Case Number:</b>	2016-07-01264
<b>Employing firm when activity occurred which led to the regulatory action:</b>	Wedbush Securities Inc.
<b>Product Type:</b>	Other: unspecified securities
<b>Allegations:</b>	Edward W. Wedbush was named a respondent in a FINRA complaint alleging that his firm Wedbush Securities Inc. (the firm, WEDB, or respondent) knew and systemically failed to oversee and supervise the trading activities of its principal, Edward W. Wedbush. The complaint alleges that in addition to serving as the President of WEDB and the Chairman of WEDB's parent company, Wedbush, Inc., Mr. Wedbush spent several hours each trading day actively managing and trading in more than 70 accounts (collectively, the "EW Controlled Accounts"). These accounts consisted of multiple discretionary accounts over which he had power of attorney (including accounts for relatives, friends, and WEDB employees), as well as personal and proprietary accounts for affiliates of WEDB and Wedbush, Inc. (of which Mr. Wedbush was also the majority shareholder). Despite Mr. Wedbush's



active trading in dozens of customer, personal, and proprietary accounts, Respondents failed to implement any process to monitor or supervise Mr. Wedbush's order entry, trade executions, or trade allocations in the EW Controlled Accounts, including for potential conflicts of interest and potential manipulative activity. The absence of monitoring or supervision of his trading activities allowed Mr. Wedbush to handle the EW Controlled Accounts in an unfettered manner that was not permitted for other traders at the Firm. For example, Mr. Wedbush regularly instructed a Firm employee to enter orders under a general account, waiting until the end of the trading day to allocate executed trades among the various EW Controlled Accounts (i.e., to customers, personal accounts, or proprietary accounts). Mr. Wedbush's post-execution allocations were determined based entirely on his own discretion, and the Firm had no process to ensure that trade allocations among the EW Controlled Accounts were not being made to steer profitable trades to preferred EW Controlled Accounts or for other improper purposes. Mr. Wedbush's orders for the EW Controlled Accounts were made and executed on a separate trading platform, not used by other WEDB traders. And no other Wedbush employees, besides Mr. Wedbush, were allowed to make post-execution allocations. The complaint also alleges that in managing the EW Controlled Accounts, Mr. Wedbush: (i) handled various customer accounts together with proprietary and personal accounts, in the same securities at the same time; (ii) "bunched" orders for the EW Controlled Accounts; (iii) failed to record account names or designations prior to trade execution; and (iv) waited until after trade execution to allocate trades among the EW Controlled Accounts. The complaint further alleges that WEDB and Mr. Wedbush failed to mark proprietary orders with the appropriate designator. On at least six different occasions, WEDB, at the instruction of Mr. Wedbush, changed on its internal records the official closing prices of selected equity securities, including for purposes of calculating margin. WEDB's supervisory systems and procedures were inadequate and were not reasonably designed for its business as it related to the EW Controlled Accounts.

<b>Current Status:</b>	Final
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Resolution Date:</b>	01/08/2019
<b>Sanctions Ordered:</b>	Censure Civil and Administrative Penalty(ies)/Fine(s)



**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?**

#### **Monetary Sanction 1 of 1**

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

**Total Amount:** \$900,000.00

**Portion Levied against individual:** \$900,000.00

**Payment Plan:** jointly and severally

**Is Payment Plan Current:**

**Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:**

#### **Regulator Statement**

Without admitting or denying the allegations, Edward W. Wedbush consented to the sanctions and to the entry of findings that he failed in certain instances to designate specific accounts for which orders were being entered and instead allocated trades to accounts after the fact based on his discretion and without reasonable oversight. The findings stated that Wedbush failed in certain instances to record account names or designations until the end of the trading day, failed to identify each discretionary order as such, and failed to retain required documentation. The findings also stated that Wedbush issued instructions to override his member firm internal records of closing prices of certain equity securities without processes or reviews to ensure that the adjustments were not



applied in a discriminatory fashion. FINRA found that Wedbush failed to apply and enforce Exchange margin requirements in connection with accounts he managed and traded. FINRA also found that Wedbush failed to establish and maintain supervisory systems and procedures adequate and reasonably designed for the firm's business as it related to accounts he managed, including improper order handling and post-execution allocations. Also, including not making and preserving order and account books and records; entering inaccurate capacity codes; improper manual overrides of closing prices without documented processes or reviews; and failing to comply with maintenance margin requirements. In addition, FINRA determined that Wedbush failed to establish, implement, and enforce adequate supervisory systems and procedures, including written supervisory procedures reasonably designed to supervise Respondent and accounts he managed to achieve compliance with the federal securities laws and Exchange rules.

<b>Reporting Source:</b>	Broker
<b>Regulatory Action Initiated By:</b>	NYSE ARCA, INC.
<b>Sanction(s) Sought:</b>	Other: N/A
<b>Date Initiated:</b>	10/16/2017
<b>Docket/Case Number:</b>	2016-07-01264
<b>Employing firm when activity occurred which led to the regulatory action:</b>	WEDBUSH SECURITIES INC.
<b>Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Allegations:</b>	Failing to record account designations until the end of the NYSE trading day, failing to identify each discretionary order as such and the entry of inaccurate capacity codes.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No



**Resolution Date:** 01/08/2019

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

**Monetary Sanction 1 of 1**

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

**Total Amount:** \$900,000.00

**Portion Levied against individual:** \$900,000.00

**Payment Plan:** JOINT AND SEVERAL

**Is Payment Plan Current:**

**Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:**

**Disclosure 2 of 2**

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:** Other: N/A

**Date Initiated:** 10/04/2010

**Docket/Case Number:** [2007009404401](#)

**Employing firm when activity occurred which led to the regulatory action:** WEDBUSH SECURITIES, INC.

**Product Type:** No Product

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010: WEDBUSH, AS CEO AND PRESIDENT OF HIS MEMBER FIRM, FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, AND ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ACHIEVE THE FIRM'S COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS WITH RESPECT TO REGULATORY FILINGS. DESPITE RED



FLAGS, WEDBUSH FAILED TO FOLLOW UP ON INFORMATION HE RECEIVED REGARDING DILATORY FILINGS TO ENSURE THAT THE FIRM'S SYSTEM IN PLACE TO FILE REGISTRATION DISCLOSURES WAS ADEQUATE. ALTHOUGH WEDBUSH MAY HAVE TOLD HIS TOP MANAGERS TO IMPROVE THE FILINGS AT THE FIRM, HE NEVER FOLLOWED UP TO MAKE SURE THAT HIS MANAGERS HAD IN FACT ADEQUATELY ADDRESSED THE PROBLEM. WEDBUSH FAILED TO HEED THE NUMEROUS WARNINGS OF DEFICIENCIES RAISED BY REGULATORY EXAMINATIONS, WHICH EVIDENCED THAT THE MANAGERS HAD FAILED TO ADEQUATELY ADDRESS THE PROBLEM. WEDBUSH PERSONALLY TOOK OVER SUPERVISION OF THE BUSINESS CONDUCT DEPARTMENT, THE DEPARTMENT AT HIS FIRM RESPONSIBLE FOR REGULATORY FILINGS. NEVERTHELESS, THE REGULATORY FILINGS CONTINUED TO BE NON-COMPLIANT UNDER HIS DIRECT SUPERVISION. DURING THE TIME WEDBUSH SUPERVISED THE BUSINESS CONDUCT DEPARTMENT, THE FIRM FAILED TO FILE A FORM U5 AND FORM RE-3, LATE FILED FORMS U5, FORMS RE-3 AND FORMS U4, AND FILED FORMS U5, U4 AND RE-3 WITH INACCURATE STATEMENTS IN CONNECTION WITH CUSTOMER-RELATED DISCLOSABLE EVENTS. WHILE WEDBUSH WAS PHYSICALLY PRESENT IN THE BUSINESS CONDUCT DEPARTMENT, HE FAILED TO SUFFICIENTLY IMPROVE THE REPORTING PROCESS. THE BUSINESS CONDUCT DEPARTMENT LACKED AN EFFECTIVE SYSTEM OF FOLLOW-UP AND REVIEW TO INSURE COMPLIANT REGULATORY FILINGS - NOTWITHSTANDING WEDBUSH'S KNOWLEDGE THAT THE FIRM'S REGULATORY FILINGS WERE DILATORY. AS THE FIRM'S CEO, WEDBUSH HAD THE ABILITY TO PROVIDE THE BUSINESS CONDUCT DEPARTMENT WITH A SYSTEM OF FOLLOW-UP AND REVIEW, BUT WEDBUSH FAILED TO DO SO. WEDBUSH'S OWN FORM U4 WAS NOT KEPT TIMELY AND ACCURATELY UPDATED AND HE FAILED TO SUPERVISE THE REGISTRATION DEPARTMENT AT HIS FIRM IN A MANNER THAT WOULD ENSURE THAT HIS OWN FORM U4 WAS TIMELY AND ACCURATELY UPDATED.

<b>Current Status:</b>	Final
<b>Action Appealed To:</b>	Federal Court
<b>Date Appeal filed:</b>	10/11/2016
<b>Appeal Limitation Details:</b>	
<b>Resolution:</b>	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:**

07/19/2018

**Sanctions Ordered:**

Civil and Administrative Penalty(ies)/Fine(s)  
Monetary Penalty other than Fines  
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**

<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	Any principal capacity
<b>Duration:</b>	31 days
<b>Start Date:</b>	08/20/2018
<b>End Date:</b>	09/19/2018

**Monetary Sanction 1 of 2**

**Monetary Related Sanction:** Monetary Penalty other than Fines

**Total Amount:** \$16,522.73

**Portion Levied against individual:** \$16,522.73

**Payment Plan:** joint and several

**Is Payment Plan Current:**

**Date Paid by individual:** 10/05/2018

**Was any portion of penalty waived?** No

**Amount Waived:**

**Monetary Sanction 2 of 2**

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

**Total Amount:** \$50,000.00

**Portion Levied against individual:** \$50,000.00

**Payment Plan:**

**Is Payment Plan Current:**

**Date Paid by individual:** 10/05/2018

**Was any portion of penalty waived?** No

**Amount Waived:**

**Regulator Statement**

EXTENDED HEARING PANEL DECISION RENDERED AUGUST 2, 2012 WHEREIN WEDBUSH IS FINED \$25,000 AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER FOR 31 DAYS IN ANY SUPERVISORY CAPACITY, EXCEPT THAT HE IS NOT SUSPENDED FROM ANY SUPERVISORY ACTIVITIES WITH RESPECT TO TRADING OR ORDER ENTRY ACTIVITIES. WEDBUSH SHALL PAY \$14,930.95 IN COSTS, JOINTLY AND SEVERALLY. THE SANCTIONS WERE BASED ON FINDINGS THAT WEDBUSH FAILED TO SUPERVISE HIS FIRM'S REGISTRATION FILINGS, BOTH AS HEAD OF THE COMPLIANCE DEPARTMENT FOR ABOUT A YEAR BEGINNING IN AUGUST 2006, AND AS PRESIDENT OF THE FIRM THEREAFTER. THE FINDINGS STATED THAT WEDBUSH FAILED TO ENSURE THAT THE FIRM COMPLIED WITH REGISTRATION REQUIREMENTS DESPITE



FREQUENT WARNING SIGNS THAT THOSE WITH MORE DIRECT RESPONSIBILITY FOR THE FILINGS WERE FAILING TO PERFORM THEIR FILING DUTIES. WEDBUSH FAILED TO ENSURE THE FIRM'S REGISTRATION FILINGS WERE TIMELY AND ACCURATE. WEDBUSH KNEW OF THE FIRM'S REPORTING ISSUES. WEDBUSH ALWAYS ATTENDED THE EXIT MEETINGS WITH NYSE, NASD, AND FINRA EXAMINERS AFTER THE EXAMINERS HAD CONCLUDED THEIR EXAMINATIONS OF THE FIRM, AND REVIEWED THE EXAMINATION REPORTS. THE REGISTRATION FILING PROBLEMS AT THE FIRM PERSISTED FOR YEARS DESPITE REPEATED WARNINGS FROM REGULATORS THAT THE FIRM'S FILINGS WERE LATE AND INACCURATE, AND FREQUENTLY NOT MADE AT ALL. AS PRESIDENT OF THE FIRM, WEDBUSH SHOULD HAVE TAKEN MORE STEPS TO ENSURE THAT THE FIRM ADDRESSED ITS PROBLEMS, BUT HE DID NOT.

APPEALED TO THE NAC ON AUGUST 3, 2012.

NAC DECISION RENDERED DECEMBER 11, 2014 WHEREIN THE NAC AFFIRMED THE FINDINGS AND MODIFIED THE SANCTIONS IMPOSED AGAINST WEDBUSH. THE NAC IMPOSED ON WEDBUSH A 31 DAY SUSPENSION IN ALL PRINCIPAL CAPACITIES AND A \$50,000 FINE. THE NAC ALSO AFFIRMED THE EXTENDED HEARING PANEL'S IMPOSITION OF HEARING COSTS IN THE AMOUNT OF \$14,930.95, JOINTLY AND SEVERALLY, AND ORDERED THAT THE WEDBUSH PAY APPEAL COSTS IN THE AMOUNT OF \$1,591.78, JOINTLY AND SEVERALLY. THIS MATTER HAS BEEN APPEALED TO THE SEC AND THE SANCTIONS ARE NOT IN EFFECT PENDING REVIEW.

SEC DECISION RENDERED AUGUST 12, 2016 SUSTAINING THE NAC DECISION.

On October 11, 2016, Wedbush appealed the decision to the United States Court of Appeals for the Ninth Circuit. The sanctions are not in effect pending the review. U.S. Court of Appeals decision rendered April 20, 2018 which denied Wedbush's petition for review. The decision became final on July 19, 2018. Fines paid in full on October 5, 2018.

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<b>Reporting Source:</b>	Broker
<b>Regulatory Action Initiated By:</b>	FINRA
<b>Sanction(s) Sought:</b>	Other: N/A
<b>Date Initiated:</b>	10/04/2010
<b>Docket/Case Number:</b>	<a href="#">2007009404401</a>



<b>Employing firm when activity occurred which led to the regulatory action:</b>	WEDBUSH SECURITIES INC.
<b>Product Type:</b>	No Product
<b>Allegations:</b>	FINRA ALLEGES MR. WEDBUSH AS PRESIDENT OF THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM AND ESTABLISH, MAINTAIN AND ENFORCE WSP'S REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RULES REGARDING REGULATORY FILINGS. FINRA ALLEGES THAT THE FIRM HAD LATE, AND INACCURATE FILINGS OF FORMS RE-3/U4/U5 AND FINRA ALLEGES MR. WEDBUSH WAS RESPONSIBLE EVENTHOUGH MANY MANAGERS AND THEIR SUPERVISORS ACTUALLY HAD THE RESPONSIBILITY. MR. WEDBUSH DENIES FINRA'S ALLEGATIONS.
<b>Current Status:</b>	Final
<b>Action Appealed To:</b>	Federal Court
<b>Date Appeal filed:</b>	10/11/2016
<b>Appeal Limitation Details:</b>	
<b>Resolution:</b>	Order
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Resolution Date:</b>	07/19/2018
<b>Sanctions Ordered:</b>	Civil and Administrative Penalty(ies)/Fine(s) Monetary Penalty other than Fines Suspension
<b>Sanction 1 of 1</b>	
<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	ANY PRINCIPAL CAPACITY
<b>Duration:</b>	31 DAYS
<b>Start Date:</b>	08/20/2018
<b>End Date:</b>	09/19/2018
<b>Monetary Sanction 1 of 2</b>	



**Monetary Related Sanction:** Monetary Penalty other than Fines

**Total Amount:** \$16,522.73

**Portion Levied against individual:** \$16,522.73

**Payment Plan:** JOINT AND SEVERAL

**Is Payment Plan Current:**

**Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:**

**Monetary Sanction 2 of 2**

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

**Total Amount:** \$50,000.00

**Portion Levied against individual:** \$50,000.00

**Payment Plan:**

**Is Payment Plan Current:**

**Date Paid by individual:**

**Was any portion of penalty waived?** No

**Amount Waived:**

**Broker Statement**

The FINRA Department of Enforcement filed a complaint alleging that Mr. Wedbush failed to properly supervise certain of Wedbush Securities Inc.'s regulatory filings, and that as a result, the firm filed many of those filings late, inaccurately, or not at all. Mr. Wedbush disputed those allegations, on, among other grounds, the fact that he was not personally responsible for making or directly supervising any of the filings at issue. After a hearing before the FINRA Office of Hearing Officers, an Extended Hearing Panel rendered a decision on August 2, 2012. Mr. Wedbush was found liable, and was censured, fined \$25,000, suspended in a supervisory capacity for 31 days (except supervision as it relates to trading and order entry), and assessed costs in the amount of \$14,930.95. On August 3, 2012, Mr. Wedbush appealed the Office of Hearing Officers Decision to the National Adjudicatory Council. The NAC issued a decision on December 11, 2014, affirming the hearing panel's findings. The Decision increased the fine to \$50,000, increased the suspension to all principal capacities, and affirmed the



imposition of costs. Mr. Wedbush appealed the NAC Decision to the SEC on January 9, 2015. The SEC sustained the NAC Decision on August 12, 2016. Mr. Wedbush appealed the SEC Decision to the Ninth Circuit Court of Appeals on October 10, 2016. The Ninth Circuit denied Mr. Wedbush's petition on April 20, 2018, and denied his petition for rehearing on June 5, 2018. Although Mr. Wedbush disputes the claims and the hearing panel's findings, he has elected not to appeal this matter to the U.S. Supreme Court.



## 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

<b>Reporting Source:</b>	Broker
<b>Initiated By:</b>	U.S. DEPARTMENT OF LABOR
<b>Relief Sought:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement
<b>Date Court Action Filed:</b>	03/30/2017
<b>Date Notice/Process Served:</b>	03/30/2017
<b>Product Type:</b>	Direct Investment-DPP & LP Interests Equity Listed (Common & Preferred Stock)
<b>Type of Court:</b>	Federal Court
<b>Name of Court:</b>	U.S. DISTRICT COURT FOR THE CENTRAL DIST OF CALIFORNIA
<b>Location of Court:</b>	LOS ANGELES, CA
<b>Docket/Case #:</b>	2:17-CV-2471
<b>Employing firm when activity occurred which led to the action:</b>	WEDBUSH SECURITIES INC.
<b>Allegations:</b>	COMPLAINT FOR ERISA VIOLATIONS; VIOLATING FIDUCIARY DUTIES AND ENGAGING IN PROHIBITED TRANSACTIONS.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	01/29/2018
<b>Sanctions Ordered or Relief Granted:</b>	Civil and Administrative Penalty(ies)/Fine(s) Restitution
<b>Monetary Sanction 1 of 2</b>	
<b>Monetary Sanction:</b>	Restitution
<b>Total Amount:</b>	\$2,090,909.09
<b>Portion against individual:</b>	



**Date Paid:**

**Portion Waived:** No

**Amount Waived:**

**Monetary Sanction 2 of 2**

**Monetary Sanction:** Monetary Fine

**Total Amount:** \$209,090.91

**Portion against individual:**

**Date Paid:**

**Portion Waived:** No

**Amount Waived:**





## Customer Dispute - Award / Judgment

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the broker that resulted in an arbitration award or civil judgment for the customer.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	WEDBUSH SECURITIES INC
<b>Allegations:</b>	MR. WEDBUSH AS THE PRESIDENT OF THE FIRM FAILED TO SUPERVISE ONE OF THE FIRMS BROKERS
<b>Product Type:</b>	Annuity-Variable
<b>Alleged Damages:</b>	\$1,000,000.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	ALSO, UNNAMED PUNITIVE DAMAGES, ATTORNEYS FEES AND INTEREST

### Arbitration Information

<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	<a href="#">09-04522</a>
<b>Date Notice/Process Served:</b>	01/14/2011
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Award to Customer
<b>Disposition Date:</b>	08/29/2011
<b>Monetary Compensation Amount:</b>	\$1,365,855.00
<b>Individual Contribution Amount:</b>	\$200,000.00
<b>Broker Statement</b>	MR. WEDBUSH WAS FOUND LIABLE FOR EMOTIONAL DISTRESS ALTHOUGH HE HAD NEVER SPOKEN TO OR HAD ANY DEALINGS WITH ANY OF THE PLAINTIFFS AND WAS NOT THE BROKERS SUPERVISOR OR MANAGER.

## End of Report



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