

BrokerCheck Report

DEREK MICHAEL SERLET

CRD# 6033918

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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.

DEREK M. SERLET

CRD# 6033918

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

Registration History

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

B WADDELL & REED
 CRD# 866
 DENVER, CO
 03/2012 - 08/2016

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	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, 2 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination	SIE	08/19/2016
B General Securities Representative Examination	Series 7	03/28/2012

State Securities Law Exams

Exam	Category	Date
B IA Uniform Combined State Law Examination	Series 66	04/19/2012

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 03/2012 - 08/2016	WADDELL & REED	866	DENVER, CO

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
07/2016 - Present	LEGACY FINANCIAL, LTD	PRESIDENT/MANAGING MEMBER/INVESTMENT ADVISOR REPRESENTATIVE	Y	DENVER, CO, United States
05/2012 - Present	2D, INC	PRINCIPAL/OWNER	N	DENVER, CO, United States
03/2012 - 08/2016	WADDELL & REED, INC	ASSOCIATED PERSON	Y	DENVER, CO, 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.

4/2012-PRESENT, VARIOUS INSURANCE CARRIERS FOR W&R INSURANCE AGENCIES, DENVER, CO, INVEST-RELATED: Y, INSURANCE, INSURANCE AGENT.

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	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.

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 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	Colorado Division of Securities
Sanction(s) Sought:	Other: No longer recommend inverse and/or leveraged ETFs and retain a compliance consultant for two (2) years.
Date Initiated:	12/20/2022
Docket/Case Number:	2023-CDS-007
URL for Regulatory Action:	https://securities.colorado.gov/enforcement-actions
Employing firm when activity occurred which led to the regulatory action:	Legacy Financial, LTD., CRD No. 284437
Product Type:	Other: Inverse and leveraged exchange traded funds ("ETFs")
Allegations:	<p>(1) Failure to exercise due care when making investment recommendations to clients for the purchase, sale, and long-term holding of leveraged and inverse exchange traded funds ("ETFs") without reasonable grounds to believe that such long-term holding periods were suitable in light of the fact that ETFs were meant to be held for no more than a single day in violation of Rule 51-4.8(IA).</p> <p>(2) Failure to keep an adequate record of written information about advisory clients that serves as the basis for the Firm's recommendations or financial advice in violation of Rule 51- 4.6(IA)((A)(17).</p>



(3) Failure to maintain adequate procedures to supervise the representatives in violation of Rule 51-4.6(IA)(A)(18). Specifically, Respondents did not have a procedure relating to the sales, monitoring, tracking, and supervision of leveraged ETFs.

(4) Failure to disclose to clients in the Form ADV Part 2A (or in a similar document) material information in violation of Rule 51-4.8(IA)(A). Specifically, Respondents did not disclose the risks associated with leveraged ETFs and that it would be investing these products contrary to the product prospectus.

Current Status:

Final

Resolution:

Consent

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

No

Resolution Date:

05/08/2023

Sanctions Ordered:

Other: (1) Respondents agree to no longer recommend inverse and/or leveraged ETFs to clients.

(2) Respondents agree to fully comply with all requested items in the Division deficiency letter dated April 20, 2023 ("deficiency letter").

(3) Respondents shall mail or email a complete copy of the updated Form ADV Part 2A and Part 2B and a copy of the consent Order, 2023-CDS-007, to all clients and to the Division by June 1, 2023. The delivery to the Division must include documentation verifying timely delivery was made to all clients.

(4) Respondents shall retain a compliance consultant, approved by the Division, within sixty (60) days from the entry of the Consent Order for a period of two (2) years. The consultant shall ensure compliance with the April 20, 2023, examination deficiency letter, the Consent Order 2023-CDS-007, and develop all required policies and procedures to ensure compliance with the Colorado Securities Act and rules thereunder.

Reporting Source:

Broker



Regulatory Action Initiated By:	COLORADO DIVISION OF SECURITIES
Sanction(s) Sought:	Other: CONSENT ORDER
Date Initiated:	12/20/2022
Docket/Case Number:	2023-CDS-007
Employing firm when activity occurred which led to the regulatory action:	LEGACY FINANCIAL LTD
Product Type:	Other: LEVERAGED AND INVERSE EXCHANGE TRADED FUNDS
Allegations:	<p>(1) Failure to exercise due care when making investment recommendations to clients for the purchase, sale, and long-term holding of leveraged and inverse exchange traded funds ("ETFs") without reasonable grounds to believe that such long-term holding periods were suitable in light of the fact that ETFs were meant to be held for no more than a single day in violation of Rule 51-4.8(IA). (2) Failure to keep an adequate record of written information about advisory clients that serves as the basis for the Firm's recommendations or financial advice in violation of Rule 51- 4.6(IA)((A)(17). (3) Failure to maintain adequate procedures to supervise the representatives in violation of Rule 51-4.6(IA)(A)(18). Specifically, Respondents did not have a procedure relating to the sales, monitoring, tracking, and supervision of leveraged ETFs. (4) Failure to disclose to clients in the Form ADV Part 2A (or in a similar document) material information in violation of Rule 51-4.8(IA)(A). Specifically, Respondents did not disclose the risks associated with leveraged ETFs and that it would be investing these products contrary to the product prospectus.</p>
Current Status:	Final
Resolution:	Consent
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	05/05/2023

**Sanctions Ordered:**

Other: (1) Respondents agree to no longer recommend inverse and/or leveraged ETFs to clients. (2) Respondents agree to fully comply with all requested items in the Division deficiency letter dated April 20, 2023 ("deficiency letter"). (3) Respondents shall mail or email a complete copy of the updated Form ADV Part 2A and Part 2B and a copy of the consent Order, 2023-CDS-007, to all clients and to the Division by June 1, 2023. The delivery to the Division must include documentation verifying timely delivery was made to all clients. (4) Respondents shall retain a compliance consultant, approved by the Division, within sixty (60) days from the entry of the Consent Order for a period of two (2) years. The consultant shall ensure compliance with the April 20, 2023, examination deficiency letter, the Consent Order 2023-CDS-007, and develop all required policies and procedures to ensure compliance with the Colorado Securities Act and rules thereunder.

End of Report



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