

BrokerCheck Report

HAROLD FRANKLIN GRUBBS

CRD# 708166

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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.

HAROLD F. GRUBBS

CRD# 708166

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
- 2 State Securities Law Exams

Registration History

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

- B THE LEADERS GROUP, INC.**
CRD# 37157
SUMMIT, NJ
04/2003 - 12/2004
- B HFG INVESTMENT GROUP, LLC**
CRD# 122445
LITTLE ROCK, AR
11/2002 - 03/2003
- B THE LEADERS GROUP, INC.**
CRD# 37157
SUMMIT, NJ
07/1997 - 08/2002

**Disclosure Events**

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
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), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each 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 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
B General Securities Principal Examination	Series 24	05/13/1987

General Industry/Product Exams

Exam	Category	Date
B General Securities Representative Examination	Series 7	08/20/1983
B Registered Representative Examination	Series 1	04/21/1980

State Securities Law Exams

Exam	Category	Date
IA Uniform Investment Adviser Law Examination	Series 65	12/28/1994
B Uniform Securities Agent State Law Examination	Series 63	06/21/1983

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 securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 04/2003 - 12/2004	THE LEADERS GROUP, INC.	37157	SUMMIT, NJ
B 11/2002 - 03/2003	HFG INVESTMENT GROUP, LLC	122445	LITTLE ROCK, AR
B 07/1997 - 08/2002	THE LEADERS GROUP, INC.	37157	SUMMIT, NJ
B 07/1993 - 08/1995	EQUITY CAPITAL CORPORATION	13203	LITTLE ROCK, AR
B 11/1989 - 07/1993	ROYAL ALLIANCE ASSOCIATES, INC.	23131	SCOTTSDALE, AZ
B 11/1989 - 12/1989	INTEGRATED RESOURCES EQUITY CORPORATION	6403	
B 10/1982 - 11/1989	INTEGRATED RESOURCES EQUITY CORPORATION	6403	

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
11/1986 - Present	FINANCIAL MANAGEMENT INC	PRESIDENT	Y	LITTLE ROCK, AR, United States

Disclosure Events



What you should know about reported disclosure events:

- 1. **Disclosure events in BrokerCheck reports come from different sources:**
 - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

For your convenience, below is a matrix of the number and status of regulatory 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.

	Final	On Appeal
Customer Dispute	1	N/A



Disclosure Event Details

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 - Closed-No Action / Withdrawn / Dismissed / Denied

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration containing allegations of sales practice violations against the broker that resulted in an award to the customer, along with an associated civil suit that was dismissed, withdrawn, or denied.

Disclosure 1 of 1

Reporting Source:	Broker
Employing firm when activities occurred which led to the complaint:	FINANCIAL MANAGEMENT, INC.
Allegations:	<p>THE MATTER INVOLVES AND RELATES TO A HIGHLY SOPHISTICATED INVESTOR AGGRIEVED AS A RESULT OF INVESTMENT LOSSES SUSTAINED IN THE SUB-PRIME LENDING MARKET. THE LOSSES COMPLAINED OF WERE CAUSED OR OCCASIONED BY THE ACTS OF NEW CENTURY FINANCIAL CORPORATION, WHO HAS BEEN SUBJECT TO A CLASS ACTION LAWSUIT FOR ALLEGEDLY ENGAGING IN CRIMINAL CONDUCT WITH RESPECT TO THE SALE OF ITS SECURITIES. THE COMPLAINT ASSERTED THAT MANAGEMENT OF THE ACCOUNTS AT ISSUE WAS ALLEGEDLY INCONSISTENT WITH THE CLIENTS' CIRCUMSTANCES, OBJECTIVES AND RISK TOLERANCE (ESSENTIALLY THE INVESTOR MAINTAINS THE INVESTMENTS AT ISSUE WERE UNSUITABLE DESPITE THE CLIENTS' HIGH LEVEL OF SOPHISTICATION). ON AUGUST 21, 2006, HAROLD GRUBBS MET WITH THE [CUSTOMERS] AT THEIR HOME TO REVIEW A NEW ACCOUNT MANAGEMENT PROPOSAL. AT THIS MEETING, THE [CUSTOMERS] APPROVED THE PROPOSAL IN FULL. THE PLAN PERFORMED BETTER THAN EXPECTED AND WITHOUT COMPLAINT FOR OVER SIX (6) MONTHS. ON MARCH 2, 2007, AFTER THE MARKETS CLOSED, NEW CENTURY ANNOUNCED IT WOULD NOT MEET ITS SEC FILING DEADLINE. ON MARCH 5, 2007, ALL NEW CENTURY POSITIONS WERE SOLD AS THE STOCK DROPPED SHARPLY. SHORTLY THEREAFTER, THE CLIENT TERMINATED THE MANAGEMENT AGREEMENT.</p>
Product Type:	Equity Listed (Common & Preferred Stock)
Alleged Damages:	\$270,000.00
Alleged Damages Amount Explanation (if amount not exact):	<p>CUSTOMERS SOUGHT AN AWARD OF "MORE THAN \$270,000, TO BE PROVEN AT ANY ARBITRATION HEARING, TOGETHER WITH PREJUDGMENT INTEREST AND POST-JUDGMENT INTEREST." CUSTOMERS ALSO SOUGHT AN AWARD OF "THEIR ATTORNEYS' FEES, EXPENSES, COSTS, FORUM FEES, AND WITNESS AND PRODUCTION FEES."</p>



Customer Complaint Information

Date Complaint Received: 10/23/2008

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for claimants/plaintiffs)

Status Date: 12/03/2009

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.): FINRA

Docket/Case #: [08-03050](#)

Date Notice/Process Served: 10/06/2008

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 11/23/2009

Monetary Compensation Amount: \$70,000.00

Individual Contribution Amount: \$70,000.00

Civil Litigation Information

Type of Court: State Court

Name of Court: CIRCUIT COURT OF PULASKI COUNTY

Location of Court: LITTLE ROCK, AR

Docket/Case #: CV07-16345

Date Notice/Process Served: 01/02/2008

Litigation Pending? No

Disposition: Dismissed

Disposition Date: 11/23/2009

**Broker Statement**

ON AUGUST 27, 2008, CLAIMANTS FILED THEIR STATEMENT OF CLAIM WITH FINRA IN WHICH THEY SOUGHT AN AWARD OF "MORE THAN \$270,000, TO BE PROVEN AT ANY ARBITRATION HEARING, TOGETHER WITH PREJUDGMENT INTEREST AND POST-JUDGMENT INTEREST." THEREIN, CLAIMANTS ALSO SOUGHT AN AWARD OF "THEIR ATTORNEYS' FEES, EXPENSES, COSTS, FORUM FEES, AND WITNESS AND PRODUCTION FEES." ON SEPTEMBER 11, 2009, CLAIMANTS SERVED UPON RESPONDENTS AN UPDATED EXPERT REPORT FROM THEIR PUTATIVE EXPERT. THE REPORT OPINED THAT CLAIMANTS' DAMAGES WERE "\$342,668 PLUS ACCRUED INTEREST..." THEREAFTER, CLAIMANTS SUBMITTED A PRE-HEARING BRIEF TO THE FINRA PANEL. THEREIN, PLAINTIFFS STATED THEIR DAMAGES WERE "ALMOST \$400,000.00." AT THE FINAL HEARING OF THIS MATTER, CLAIMANTS REQUESTED THE PANEL AWARD CLAIMANTS COMPENSATORY DAMAGES OF AT LEAST \$400,000, \$65,000.00 IN ATTORNEY FEES, \$15,000.00 IN EXPERT WITNESS FEES, PLUS THEIR COSTS, FORUM FEES AND PRE/POST JUDGMENT INTEREST, FOR A TOTAL AWARD WHICH WOULD HAVE BEEN IN EXCESS OF \$530,000.00. FROM THE INCEPTION OF THIS LITIGATION, CLAIMANTS TOOK THE POSITION THAT THEY SHOULD NOT HAVE BEEN COMPELLED TO FINRA ARBITRATION AND REPEATEDLY INDICATED TO THE PANEL THEIR INTENTIONS TO APPEAL ANY ADVERSE DECISION.

ON OCTOBER 23, 2009, THE PANEL RENDERED ITS DECISION, AWARDING \$70,000.00 TO THE CLAIMANTS. THE PANEL'S DECISION DID NOT INCLUDE AN EXPLANATION FOR HOW IT ARRIVED AT THIS FIGURE. BECAUSE THERE IS NO RATIONAL BASIS FOR AN AWARD IN THIS AMOUNT, IT IS BELIEVED THAT THE PANEL DEVISED AN AWARD SOLELY TO DISCOURAGE FURTHER LITIGATION/APPEAL, AND PUT THIS MATTER TO REST ONCE AND FOR ALL. IN ANY EVENT, THE BASIS OF THIS COMPLAINT WAS MERITLESS, AND IT IS BELIEVED THAT THE AWARD ISSUED REFLECTS THE PANEL'S RECOGNITION OF SUCH.

End of Report



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