



**BrokerCheck Report**

**LANCE MARK BROFMAN**

CRD# 803309

## About BrokerCheck®

BrokerCheck offers information on all current, and many former, FINRA-registered securities brokers, and all current and former FINRA-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 <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.nasaa.org>.

### • **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.**

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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).

## LANCE MARK BROFMAN

CRD# 803309

This individual is no longer registered with FINRA. The individual's registration with FINRA was terminated prior to August 1999 when the enhanced CRD system was implemented. As a result, since the individual was not required to update their CRD record via the submission of a Form U4 to CRD since August 1999, BrokerCheck contains only limited information about this individual.

### Report Summary for this Broker

The 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 with a FINRA firm.

This broker has passed:

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

#### Registration History

This broker was previously registered with the following FINRA member firms:

##### **DONALD SHELDON & CO., INC.**

CRD# 6966

NEW YORK NY

06/09/1982 to 07/30/1985

#### Disclosure of Regulatory Events

This section includes details regarding final regulatory events reported by or about this broker to CRD as part of the securities industry registration and licensing process.

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

**The following type of disclosure was reported:**

Regulatory Event

## 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 passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

**This individual has passed 3 principal/supervisory exams, 1 general industry/product exams, and 0 state securities law exam.**

Exam Class	Exam Name	Category	Date
Principal/Supervisory Exams	Registered Options Principal Examination	Series 4	9/19/1984
Principal/Supervisory Exams	Financial Principal Examination	Series F04	9/14/1978
Principal/Supervisory Exams	Registered Principal Examination	Series 40	7/27/1978
General Industry/Product Exams	General Securities Representative Examination	Series 7	12/21/1974

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at <http://www.finra.org/Industry/Compliance/Registration/QualificationsExams/index.htm>.

## Registration History

This broker previously was registered with FINRA at the following firms:

Registration Dates	Firm Name	CRD #	Branch Location
06/09/1982 to 07/30/1985	DONALD SHELDON & CO., INC.	6966	NEW YORK NY

## Disclosure of Regulatory 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 the 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 with reporting source labeled.

## 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.

## Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

### Disclosure 1 of 3 ~ Entry 1 of 1

**Reporting Source:** Regulator

**Details:**

1. Regulatory Action initiated by: SEC

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2. Principal Sanction/Relief Sought: Bar

Other Sanctions/Relief Sought: CEASE AND DESIST ORDER AND FINES.

3. Date Initiated (MM/DD/YYYY): 09/30/1997

4. Docket/Case Number: INITIAL DECISION NO. 180; FILE #3-9461

5. Employing Firm when activity occurred which led to the regulatory action: FUNDAMENTAL SERVICE

6. Principal Product Type: Other

Other Product Types: GOVERNMENT BOND FUND

7. Describe the allegations related to this regulatory action.

10-02-97, SEC NEWS DIGEST ISSUE NO. 97-190, DATED OCTOBER 1, 1997, ENFORCEMENT PROCEEDINGS DISCLOSE: THE COMMISSION INSTITUTED PUBLIC PROCEEDINGS AGAINST RESPONDENT. THE ORDER ALLEGES THAT THE RESPONDENT, WHO MANAGED AND MARKETED THE FUNDAMENTAL U.S. GOVERNMENT STRATEGIC INCOME FUND, FAILED TO DISCLOSE THE FUND'S RISKS, WHICH STEMMED IN LARGE PART FROM ITS INVESTMENT IN INVERSE FLOATING COLLATERALIZED MORTGAGE OBLIGATIONS (INVERSE FLOATERS), AND FAILED TO MAINTAIN THE FUND'S PROMISED LIMITED DURATION, OR INTEREST-RATE SENSITIVITY. THE FUND WAS MARKETED AS A SAFE INVESTMENT. ACCORDING TO THE FUND'S PROSPECTUS AND SALES MATERIALS, THE FUND SOUGHT TO MAXIMIZE STABILITY OF NET ASSET VALUE BY LIMITING THE FUND'S DURATION TO THREE YEARS. CONTRARY TO THESE REPRESENTATIONS, THE FUND HAD A HEIGHTENED SENSITIVITY TO CHANGES IN INTEREST RATES. IN 1994, THE FUND'S NET ASSET VALUE DECLINED APPROXIMATELY 32%. FPA, BROFMAN ALSO ALLEGEDLY FAILED TO DISCLOSE SOFT DOLLAR ARRANGEMENTS. THE ORDER CHARGES THAT RESPONDENT VIOLATED CERTAIN ANTIFRAUD PROVISIONS. A HEARING WILL BE SCHEDULED TO DETERMINE WHETHER THE ALLEGATIONS ARE TRUE, AND WHAT REMEDIAL ACTION, IF ANY, IS APPROPRIATE. (REL. 34-39158; 33-7462; FILE #3-9461)

8. Current status ? Final

9. If on appeal, regulatory action appealed to: (SEC, SRO, Federal or State Court) and Date Appeal Filed:

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 14 only.

10. How was matter resolved: Order

11. Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

12. Resolution Date (MM/DD/YYYY): 07/15/2003

13. Resolution Detail:

A. Were any of the following sanctions ordered? (Check all appropriate items):

Monetary/Fine Amount: \$ 250,000.00

Cease and Desist/Injunction

Bar

B. Other sanctions ordered:

C. Sanction detail: if suspended, enjoined or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against the subject, date paid and if any portion of penalty was waived:

SEC OPINION OF THE COMMISSION RELEASES 33-8251, 34-48177, IA RELEASE 40-2146, IC RELEASE 40-26099, JULY 15, 2003; ORDERED THAT LANCE M. BROFMAN BE, AND HEREBY IS BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT ADVISER, OR INVESTMENT COMPANY; AND IT IS FURTHER PAY A CIVIL MONEY PENALTY OF \$250,000; AND THAT AND IT IS FURTHER ORDERED THAT LANCE M. BROFMAN CEASE AND DESIST FROM COMMITTING OR CAUSING ANY FUTURE VIOLATION OF SECTIONS 17(A) OF THE SECURITIES ACT OF 1933, AND SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER, SECTION 34(B) OF THE INVESTMENT COMPANY ACT OF 1940, AND SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940. SEC ADMINISTRATIVE RELEASES 33-8574, 34-51725, 40-2389, 40-26875, MAY 23, 2005; WE CONSIDER RESPONDENTS' MOTION UNDER RULE 470 OF THE COMMISSION'S RULES OF PRACTICE. UNDER THAT RULE, THE COMMISSION MAY RECONSIDER ITS DECISIONS IN EXCEPTIONAL CASES. THIS EXTRAORDINARY REMEDY IS DESIGNED TO CORRECT MANIFEST ERRORS OF LAW OR FACT, OR TO PERMIT THE PRESENTATION OF NEWLY DISCOVERED EVIDENCE. RESPONDENTS MAY NOT USE MOTIONS FOR RECONSIDERATION TO REITERATE ARGUMENTS PREVIOUSLY MADE OR TO CITE AUTHORITY PREVIOUSLY AVAILABLE. RESPONDENTS' MOTION DOES NOT MEET THIS STANDARD. ACCORDINGLY, IT IS ORDERED THAT THE MOTION FOR RECONSIDERATION FILED BY RESPONDENTS BE, AND IT HEREBY IS, DENIED.

14. Comment (Optional) –

+02/08/2001+ SEC ENFORCEMENT DIVISION, INITIAL DECISION NO. 180, DATED 01/29/2001, DISCLOSES: THE SEC INITIATED THIS PROCEEDING BY AN ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 (SECURITIES ACT); SECTIONS 15(B), 19(H), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT); SECTIONS 9(B) AND 9(F) OF THE INVESTMENT COMPANY ACT OF 1940 (INVESTMENT COMPANY ACT); AND SECTIONS 203(E), 203(F), AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 (ADVISERS ACT). THIS INITIAL DECISION FINDS THAT RESPONDENT MARKETED SHARES OF A GOVERNMENT BOND FUND AS A SAFE, STABLE INVESTMENT BUT INVESTED HEAVILY IN VOLATILE INVERSE FLOATERS THAT EXPOSED THE FUND TO SIGNIFICANT LOSSES WHEN INTEREST RATES ROSE IN 1994.

ADDITIONALLY, RESPONDENT FAILED TO DISCLOSE THEIR SOFT DOLLAR ARRANGEMENTS TO THE BOARD OF DIRECTORS OF THE FUND. THE DECISION CONCLUDES THAT RESPONDENT THUS VIOLATED THE ANTIFRAUD PROVISIONS OF THE SECURITIES LAWS. THE DECISION ORDERS RESPONDENT TO CEASE AND DESIST FROM VIOLATIONS OF THE ANTIFRAUD PROVISIONS, BARS LANCE M. BROFMAN FROM ASSOCIATION WITH AN INVESTMENT ADVISER OR BROKER-DEALER. THE DECISION ALSO FINES BROFMAN \$250,000. (INITIAL DECISION NO. 180; FILE #3-9461)

## Disclosure 2 of 3 ~ Entry 1 of 1

**Reporting Source:** Regulator

**Details:**

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST ISSUE 86-206, DATED 10/24/86, DISCLOSES: THE COMMISSION INSTITUTED PUBLIC ADMINISTRATIVE PROCEEDINGS AGAINST LANCE M. BROFMAN, CHIEF PORTFOLIO STRATEGIST OF CALIFORNIA MUNI FUND AND CALIFORNIA TAX-FREE MONEY FUND, REGISTERED INVESTMENT COMPANIES. THE ORDER FOR PROCEEDINGS ALLEGES THAT BROFMAN VIOLATED THE ANTIFRAUD PROVISIONS OF THE SECURITIES LAWS AND NUMEROUS PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940. AMONG OTHER THINGS, THE ORDER ALLEGES THAT BROFMAN CAUSED INVESTORS PORTFOLIO MANAGEMENT, INC., FORMER INVESTMENT ADVISER TO THE FUNDS AND THE RESPONDENT IN RELATED PROCEEDINGS, TO DISSEMINATE FALSE AND MISLEADING INFORMATION.

IPM AND BROFMAN FAILED TO DISCLOSE THAT CAL MUNI'S HIGH YIELDS WOULD HAVE BEEN MATERIALLY LOWER HAD BROFMAN AND IPM NOT ENGAGED IN CERTAIN TRADING PRACTICES. BROFMAN WAS ALSO CHARGED WITH MAKING FALSE CLAIMS IN ADVERTISEMENTS THAT CAL MUNI'S AND TAX-FREE'S DIVIDENDS WERE EXEMPT FROM CALIFORNIA INCOME TAXES. SIMULTANEOUS WITH THE INSTITUTION OF PROCEEDINGS, THE COMMISSION ACCEPTED BROFMAN'S OFFER OF SETTLEMENT IN WHICH HE, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CONSENTS TO A THREE-MONTH SUSPENSION FROM ASSOCIATION WITH ANY INVESTMENT COMPANY OR INVESTMENT ADVISER, AND LIMITATIONS ON HIS ACTIVITIES FOR FIVE YEARS AFTER COMPLETION OF HIS SUSPENSION. (REL. IC-15340).

\*\*\* SECURITIES AND EXCHANGE COMMISSION DOCKET VOLUME 36, NO. 14, OCTOBER 14, 1986 PROVIDES THE SPECIFIC LIMITATIONS IMPOSED UPON BROFMAN IN THIS SEC SUSPENSION. IT WAS FURTHER ORDERED THAT: (1) COMMENCING IMMEDIATELY UPON THE EXPIRATION OF HIS SUSPENSION, AND CONTINUING FOR TWO YEARS THEREAFTER, BROFMAN MAY NOT SERVE AS AN OFFICER, DIRECTOR OR TRUSTEE OF ANY REGISTERED INVESTMENT COMPANY OR INVESTMENT ADVISER; (2) COMMENCING IMMEDIATELY UPON THE EXPIRATION OF HIS SUSPENSION, AND CONTINUING FOR FIVE YEARS THEREAFTER, BROFMAN MAY NOT SERVE AS AN EMPLOYEE OR OFFICER OF A REGISTERED INVESTMENT COMPANY OR INVESTMENT ADVISER UNLESS THERE EXISTS A SUPERVISORY PERSON OR PERSONS (i) RESPONSIBLE, IN THE CASE OF AN INVESTMENT COMPANY, TO THE DISINTERESTED DIRECTORS/TRUSTEES WHO SHALL HAVE THE AUTHORITY TO EMPLOY AND DISMISS SUCH SUPERVISORY PERSON OR PERSONS OR, (ii) IN THE CASE OF AN INVESTMENT ADVISER, WITH THE AUTHORITY TO EMPLOY OR DISMISS BROFMAN; AND IN EITHER CASE, THE DUTIES OF SUCH SUPERVISORY PERSON OR PERSONS SHALL INCLUDE, WITHOUT LIMITATION, THE RESPONSIBILITY TO REVIEW ALL BROFMAN'S INVESTMENT COMPANY OR INVESTMENT ADVISORY ACTIVITIES, INCLUDING: (a) REVIEW OF ALL PORTFOLIO PURCHASES AND TRADING PRACTICES ENGAGED IN BY BROFMAN ON BEHALF OF A REGISTERED INVESTMENT COMPANY OR INVESTMENT ADVISOR; (b) REVIEW OF ALL PROPOSED ADVERTISEMENTS ON BEHALF OF A REGISTERED INVESTMENT COMPANY OR INVESTMENT ADVISER TO INSURE, AMONG OTHER THINGS, THAT INFORMATION DISSEMINATED TO THE PUBLIC IS NOT FALSE OR MISLEADING AND CONTAINS ALL MATERIAL FACTS; (c) REVIEW OF ALL RECORDS REQUIRED TO BE MAINTAINED PURSUANT TO RULE 31a-1 OF THE INVESTMENT COMPANY ACT AND/OR RULE 204-1 OF THE ADVISERS ACT TO ENSURE COMPLIANCE WITH THE PROVISIONS OF THOSE RULES; AND (d) ANY OTHER AND FURTHER STEPS AS THE SUPERVISORY PERSON OR PERSONS MAY DEEM NECESSARY TO ENSURE THAT BROFMAN IS COMPLYING WITH ALL PROVISIONS OF THE FEDERAL SECURITIES LAWS AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER. (3)

DURING THE PERIOD OF THE SUSPENSION, THE SUPERVISORY PERSON SHALL SUBMIT AFFIDAVITS QUARTERLY TO THE NEW YORK REGIONAL OFFICE STATING THAT HE IS (THEY ARE) REVIEWING BROFMAN'S ACTIVITIES AND, BASED ON SUCH REVIEW AND TO THE BEST OF HIS (THEIR) KNOWLEDGE, BROFMAN'S ACTIVITIES HAVE BEEN IN COMPLIANCE WITH THE FEDERAL SECURITIES LAWS.

### Disclosure 3 of 3 ~ Entry 1 of 1

**Reporting Source:** Regulator

**Details:**

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST, JANUARY 18, 1984, ISSUE 84-12. THE COMMISSION HAS INSTITUTED PUBLIC ADMINISTRATIVE PROCEEDINGS AGAINST INVESTORS PORTFOLIO MANAGEMENT, INC., AND LANCE M. BROFMAN. THE ORDER ALLEGES IPM AND BROFMAN VIOLATED VIOLATIONS OF THE ANTIFRAUD, PROXY AND REGISTRATION PROVISIONS OF THE SECURITIES LAWS IN ADDITION TO SPECIFIC REPORTING AND MANAGEMENT PROVISIONS OF THE INVESTMENT COMPANY ACT AND INVESTMENT ADVISERS ACT. A HEARING WILL BE SCHEDULED TO DETERMINE THE ALLEGATIONS OF THE ORDER FOR PROCEEDINGS ARE TRUE AND WHAT, IF ANY, REMEDIAL ACTION IS NECESSARY IN THE PUBLIC INTEREST. (REL. 34-20535)

\*\*\* SEC NEWS DIGEST, ISSUE 84-114, JUNE 12, 1984. THE COMMISSION SETTLED PUBLIC ADMINISTRATIVE PROCEEDINGS AGAINST INVESTORS PROTOFOLIO MANAGEMENT, INC. (IPM), THE REGISTERED INVESTMENT ADVISER TO NEW YORK MUNI FUND, INC. AND LANCE M. BROFMAN. THE COMMISSION ACCEPTED RESPONDENTS' OFFER OF SETTLEMENT WHEREIN IPM AND BROFMAN, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CONSENTED TO THE ENTRY OF FINDINGS AND AN ORDER: SUSPENDING, FOR FIVE MONTHS, IPM'S REGISTRATION AS AN INVESTMENT ADVISER AND BROFMAN'S ASSOCIATION WITH ANY INVESTMENT ADVISER, BROKER OR DEALER AND REQUIRING IPM AND BROFMAN TO COMPLY WITH CERTAIN UNDERTAKINGS.

THE ORDER SUSPENDING IPM AND BROFMAN PROVIDES THAT IPM MAY CONTINUE TO ACT AS INVESTMENT ADVISER TO MUNI FUND WITHOUT PROFIT AND THAT BROFMAN, IF SUPERVISED, MAY CONTINUE TO RENDER SERVICES TO MUNI FUND WITH LIMITED COMPENSATION DURING THE SUSPENSION. THE UNDERTAKINGS REQUIRE THAT NEITHER IPM NOR BROFMAN CAUSE MUNI FUND TO PUBLISH AN INACCURATE YIELD QUOTATION OR DEVIATE FROM FUNDAMENTAL INVESTMENT POLICIES, IPM AND BROFMAN COMPLY WITH PROCEDURES ADOPTED BY MUNI FUND TO ASSURE THE ACCURACY OF ITS YIELD QUOTATION; IPM AND BROFMAN ESTABLISH AND MAINTAIN CONTROLS TO ENSURE THAT THE BOOKS AND RECORDS OF MUNI FUND ARE KEPT CURRENT; AND IPM REIMBURSE MUNI FUND FOR INTEREST PAID ON MONEY BORROWED UNLAWFULLY FOR INVESTMENT PURPOSES. (REL.34-21016)