

## BrokerCheck Report

# SECURITIES AMERICA, INC.

CRD# 10205

Report #75798-52901, data current as of Wednesday, September 16, 2009.

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Firm Profile	2 - 15
Firm History	16
Firm Operations	17 - 35
Disclosure of Arbitration Awards, Disciplinary, Financial, and Regulatory Events	36 - 150
About this BrokerCheck Report	151

## Dear Investor:

FINRA has generated the following BrokerCheck report for **SECURITIES AMERICA, INC.**. The information contained within this report has been provided by a FINRA member firm(s) and securities regulators as part of the securities industry's registration and licensing process and represents the most current information reported to the Central Registration Depository (CRD®) system.

FINRA regulates the securities markets for the ultimate benefit and protection of the investor. FINRA believes the general public should have access to information that will help them determine whether to conduct, or continue to conduct, business with a FINRA member firm or any of the member's associated persons. To that end, FINRA has adopted a public disclosure policy to make certain types of information available to you. Examples of information FINRA provides include: actions by regulators, investment-related civil suits, customer disputes that contain allegations of sales practice violations against brokers, all felony charges and convictions, misdemeanor charges and convictions relating to securities violations, and financial events such as bankruptcies, compromises with creditors, judgments, and liens.

When evaluating this report, please keep in mind that it may include items that involve pending actions or allegations that may be contested and have not been resolved or proven. Such items may, in the end, be withdrawn or dismissed, or resolved in favor of the firm or broker, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

The information in this report is not the only resource you should consult. FINRA recommends that you learn as much as possible about the individual broker or brokerage firm from other sources, such as professional references, local consumer and

investment groups, or friends and family members who already have established investment business relationships.

FINRA BrokerCheck is governed by federal law, Securities and Exchange Commission (SEC) regulations and FINRA rules approved by the SEC. State disclosure programs are governed by state law, and may provide additional information on brokers and firms licensed by the state. Therefore, you should also consider requesting information from your state securities regulator. Refer to [www.nasaa.org](http://www.nasaa.org) for a complete list of state securities regulators.

**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)



## SECURITIES AMERICA, INC.

CRD# 10205

SEC# 8-26602

### Main Office Location

12325 PORT GRACE BLVD.  
LAVISTA, NE 68128  
Regulated by FINRA Kansas City Office

### Mailing Address

P. O. BOX 460001  
PAPILLION, NE 68046-0001

### Business Telephone Number

402/399-9111

## Report Summary for this Firm

The report summary provides an overview of the firm's background. The firm and securities regulators have provided the information contained in this report as part of the securities industry registration and licensing process. More detailed information for this firm can be found in the firm's report. Select "View Full PDF Report" to view more detailed information about this firm. The information contained in this report was last updated by the firm via Uniform Application for Broker-Dealer Registration (Form BD), the Uniform Request for Broker-Dealer Withdrawal (Form BDW), or a securities regulator via a Uniform Disciplinary Action Reporting Form (Form U6) on 07/16/2009.

### Firm Profile

This firm is classified as a corporation.  
This firm was formed in Delaware on 03/08/1984.  
Its fiscal year ends in December.

### Firm History

Information relating to the firm's history such as Other Business Names, Other Business, and Successions (e.g., mergers or acquisitions) can be found in the firm's full report.

### Firm Operations

#### This firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 52 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 13 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

### Disclosure of Arbitration Awards, Disciplinary, Financial, and Regulatory Events

This section includes details regarding disclosure events reported by or about this firm to CRD as part of the securities industry registration and licensing process. Examples of such disclosure events include certain disciplinary actions initiated by regulators, certain criminal charges and/or convictions, financial disclosures such as bankruptcies, and summary information regarding arbitration awards involving securities and commodities disputes between public customers and the firm.

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

#### The following types of disclosures were reported:

Regulatory Event

Arbitration

Bond



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 03/08/1984.

Its fiscal year ends in December.

## Firm Names and Locations

This section includes details that were reported to CRD, regarding the firm's full legal name, business and mailing addresses, the firm's "Doing Business As" name (DBA) (if different from the full legal name), and any other name by which the firm conducts business and where such name is used.

### SECURITIES AMERICA, INC.

Doing business as **SECURITIES AMERICA, INC.**

**CRD#** 10205

**SEC#** 8-26602

### Main Office Location

12325 PORT GRACE BLVD.  
LAVISTA, NE 68128

Regulated by **FINRA Kansas City Office**

### Mailing Address

P. O. BOX 460001  
PAPILLION, NE 68046-0001

### Business Telephone Number

402/399-9111

## Other Names of this Firm

Name	Where is it used
SECURITIES AMERICA FINANCIAL SERVICES	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY





## Firm Profile

This section provides information relating to all Direct Owners and Executive Officers as reported by the firm in CRD.

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	SECURITIES AMERICA FINANCIAL CORP.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	HOLDING COMPANY
<b>Position Start Date</b>	10/1985
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	BERMAN, WALTER S 4500271
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR
<b>Position Start Date</b>	02/2008
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	DEWALD, TERRANCE SHAWN 3173980
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	SENIOR VICE PRESIDENT, GENERAL COUNSEL & SECRETARY
<b>Position Start Date</b>	06/2007

**Firm Profile****Direct Owners and Executive Officers (continued)**

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** FROUDE, DONALD E  
1002120

**Is this a domestic or foreign entity or an individual?** Individual

**Position** DIRECTOR

**Position Start Date** 09/2008

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** GEORGE, MICHELLE PHUNG

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FIRST VICE PRESIDENT, INFORMATION SERVICES

**Position Start Date** 01/2007

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** GRIFFITH, DOREEN LOUISE  
4110247

**Firm Profile****Direct Owners and Executive Officers (continued)**

**Is this a domestic or foreign entity or an individual?** Individual

**Position** SENIOR VICE PRESIDENT, CHIEF INFORMATION OFFICER

**Position Start Date** 02/2005

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** HANSEN, DEBRA A  
2516576

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FIRST VICE PRESIDENT, MARKETING

**Position Start Date** 02/2008

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** HEENEY, JAMES MICHEAL  
3019122

**Is this a domestic or foreign entity or an individual?** Individual

**Position** VICE PRESIDENT - SALES SUPERVISION & OPERATIONS

**Position Start Date** 07/2008

**Percentage of Ownership** Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** HUERTER, PAUL ROBERT  
2219429

**Is this a domestic or foreign entity or an individual?** Individual

**Position** VICE PRESIDENT, CORPORATE SERVICES

**Position Start Date** 07/2008

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** HULETT, KIRK JESSE  
2528380

**Is this a domestic or foreign entity or an individual?** Individual

**Position** SENIOR VICE PRESIDENT, STRATEGY & PRACTICE MANAGEMENT

**Position Start Date** 10/2004

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** IDT, JAY ANTHONY  
2446955

**Firm Profile****Direct Owners and Executive Officers (continued)**

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FIRST VICE PRESIDENT, PRODUCT DISTRIBUTION

**Position Start Date** 01/2007

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** JAMES, THERESA J  
3022058

**Is this a domestic or foreign entity or an individual?** Individual

**Position** VICE PRESIDENT, DIRECTOR OF OPERATIONS

**Position Start Date** 02/2005

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

---

**Legal Name & CRD# (if any):** JOHNSON, GREGG HOWARD  
2110658

**Is this a domestic or foreign entity or an individual?** Individual

**Position** SENIOR VICE PRESIDENT, BRANCH OFFICE DEVELOPMENT

**Position Start Date** 02/2008

**Percentage of Ownership** Less than 5%

**Firm Profile****Direct Owners and Executive Officers (continued)**

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** JOHNSON, LEON MICHAEL  
2677019

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FIRST VP, INFORMATION SERVICES SECURITY & REP TECHNOLOGY SERVICES

**Position Start Date** 02/2008

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** JONES, LAMAR STEWART JR  
838681

**Is this a domestic or foreign entity or an individual?** Individual

**Position** VICE PRESIDENT, SPECIAL PROJECTS

**Position Start Date** 10/2004

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** LOFTIES, PAUL RAYMOND

**Firm Profile****Direct Owners and Executive Officers (continued)**

	2842911
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FIRST VICE PRESIDENT, WEALTH MANAGEMENT SERVICES
<b>Position Start Date</b>	01/2007
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	MCWHORTER, STEVEN FORD 2130681
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHAIRMAN & CEO
<b>Position Start Date</b>	10/2004
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No
<hr/>	
<b>Legal Name &amp; CRD# (if any):</b>	MILLER, KEVIN JOSEPH 4133001
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	VICE PRESIDENT, CHIEF COMPLIANCE OFFICER & DEPUTY GENERAL COUNSEL
<b>Position Start Date</b>	07/2008
<b>Percentage of Ownership</b>	Less than 5%



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** NAGENGAST, JAMES DELWYN  
2571451

**Is this a domestic or foreign entity or an individual?** Individual

**Position** PRESIDENT, CFO & COO

**Position Start Date** 08/2008

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** NEWMAN, TAMI DARLENE

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FIRST VICE PRESIDENT, COMPENSATION

**Position Start Date** 01/2007

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

**Legal Name & CRD# (if any):** PARSONS, GAYLE ELIZABETH  
2824340

## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	VICE PRESIDENT & TREASURER, FINANCE AND ACCOUNTING
<b>Position Start Date</b>	10/2004
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	REED, RANDY R
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FIRST VICE PRESIDENT, INFORMATION SERVICES
<b>Position Start Date</b>	01/2007
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

<b>Legal Name &amp; CRD# (if any):</b>	ROCK, GLORIA JEAN 4274966
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FIRST VICE PRESIDENT, REPRESENTATIVE RELATIONS
<b>Position Start Date</b>	01/2007
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes



## Firm Profile

### Direct Owners and Executive Officers (continued)

Is this a public reporting company? No

**Legal Name & CRD# (if any):** SHOTKOSKI, KATHLEEN A

Is this a domestic or foreign entity or an individual? Individual

**Position** VICE PRESIDENT OF HUMAN RESOURCES & TRAINING

**Position Start Date** 09/2005

**Percentage of Ownership** Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

**Legal Name & CRD# (if any):** VAUGHAN, DAVID JOHN JR  
2603399

Is this a domestic or foreign entity or an individual? Individual

**Position** FIRST VICE PRESIDENT, CONTROLLER

**Position Start Date** 02/2008

**Percentage of Ownership** Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

**Legal Name & CRD# (if any):** WERTHEIM, PAMELA JANINE  
1311477

Is this a domestic or foreign entity or an individual? Individual

**Position** SENIOR VICE PRESIDENT, CHIEF MARKETING OFFICER

**Position Start Date** 10/2004

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership**      Less than 5%

**Does this owner direct the management or policies of the firm?**      Yes

**Is this a public reporting company?**      No

---

## Firm Profile

This section provides information relating to Indirect Owners, if any, as reported by the firm in CRD.



### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	AMERIPRISE FINANCIAL, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	SECURITIES AMERICA FINANCIAL CORP.
<b>Relationship to Direct Owner</b>	100% OWNER OF PARENT COMPANY
<b>Relationship Established</b>	03/1998
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

---

## Firm History

This section provides information relating to successions (e.g., mergers or acquisitions), if any, as reported by the firm in CRD.



No information reported.



## Firm Operations

### Registrations

This section provides information about the regulators (e.g., U.S. Securities and Exchange Commission (SEC), self-regulatory organizations, states and U.S. territories) in which the firm is currently registered and licensed, and the date the registration became effective, as well as certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 1 SRO and 52 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	09/18/1981

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	11/03/1981



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	05/04/1989
Alaska	Approved	01/21/1985
Arizona	Approved	07/11/1985
Arkansas	Approved	02/08/1989
California	Approved	11/07/1984
Colorado	Approved	05/21/1984
Connecticut	Approved	09/24/1986
Delaware	Approved	06/13/1990
District of Columbia	Approved	08/21/1989
Florida	Approved	01/14/1985
Georgia	Approved	12/07/1984
Hawaii	Approved	08/20/1990
Idaho	Approved	02/11/1986
Illinois	Approved	03/01/1985
Indiana	Approved	11/27/1984
Iowa	Approved	11/28/1984
Kansas	Approved	11/07/1984
Kentucky	Approved	01/01/1985
Louisiana	Approved	03/06/1985
Maine	Approved	08/16/1989
Maryland	Approved	11/02/1984
Massachusetts	Approved	01/07/1985
Michigan	Approved	01/02/1985
Minnesota	Approved	03/26/1985
Mississippi	Approved	02/12/1985
Missouri	Approved	01/04/1985
Montana	Approved	01/01/1989
Nebraska	Approved	07/11/1989
Nevada	Approved	09/15/1987
New Hampshire	Approved	09/27/1989
New Jersey	Approved	08/21/1989
New Mexico	Approved	07/07/1988
New York	Approved	09/28/1989

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	01/02/1985
North Dakota	Approved	07/18/1985
Ohio	Approved	04/05/1989
Oklahoma	Approved	11/29/1984
Oregon	Approved	01/02/1985
Pennsylvania	Approved	02/13/1986
Rhode Island	Approved	06/23/1989
South Carolina	Approved	09/03/1987
South Dakota	Approved	03/05/1985
Tennessee	Approved	11/06/1984
Texas	Approved	06/25/1987
Utah	Approved	07/23/1985
Vermont	Approved	01/15/1985
Virgin Islands	Approved	07/11/2006
Virginia	Approved	03/29/1985
Washington	Approved	02/02/1989
West Virginia	Approved	03/27/1989
Wisconsin	Approved	01/02/1987
Wyoming	Approved	06/25/1990



## Firm Operations

### Types of Business

This section provides the types of business and any other business or other non-securities business the firm is engaged in or is expected to be engaged in as reported by the firm in CRD.

**This firm currently conducts 13 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund or underwriter or sponsor
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

#### Other Types of Business

This firm does affect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: 13(B) - SECURITIES AMERICA, INC. ALSO OFFERS FIXED INSURANCE AND ANNUITY PRODUCTS THAT WOULD BE CONSIDERED NON-SECURITIES PRODUCTS.



## Firm Operations

### Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

### Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399  
**Effective Date:** 04/01/2004  
**Description:** SECURITIES AMERICA HAS ENTERED IN TO A SECOND AGREEMENT TO INTRODUCE CUSTOMER ACCOUNTS ON A FULLY DISCLOSED BASIS. THE SECOND AGREEMENT IS WITH PERSHING LLC.

---

**Name:** NATIONAL FINANCIAL SERVICES LLC  
**CRD #:** 13041  
**Business Address:** 260 FRANKLIN STREET - L17C  
BOSTON, MA 02109  
**Effective Date:** 01/25/1991  
**Description:** SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES CORP. ON A FULLY-DISCLOSED BASIS.

---

## Firm Operations

### Industry Arrangements



**This firm does not have books or records maintained by a third party.**

**This firm does have accounts, funds, or securities maintained by a third party.**

**Name:** NATIONAL FINANCIAL SERVICES CORPORATION  
**CRD #:** 13041  
**Business Address:** 260 FRANKLIN STREET - L17C  
BOSTON, MA 02109  
**Effective Date:** 01/25/1991  
**Description:** SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES CORP. ON A FULLY-DISCLOSED BASIS.

---

**This firm does have customer accounts, funds, or securities maintained by a third party.**

**Name:** NATIONAL FINANCIAL SERVICES CORPORATION  
**CRD #:** 13041  
**Business Address:** 260 FRANKLIN STREET - L17C  
BOSTON, MA 02109  
**Effective Date:** 01/25/1991  
**Description:** SECURITIES AMERICA, INC. INTRODUCES CUSTOMER ACCOUNTS TO NATIONAL FINANCIAL SERVICES CORP. ON A FULLY-DISCLOSED BASIS.

---

### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides any information on control relationships the firm has with other firms in the securities, investment advisory, or banking business as reported by the firm in CRD.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**AMERIPRISE ADVISOR SERVICES, INC. is under common control with the firm.**

<b>CRD #:</b>	5979
<b>Business Address:</b>	719 GRISWOLD STREET SUITE 1700 DETROIT, MI 48226
<b>Effective Date:</b>	11/03/2008
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	AMERIPRISE ADVISOR SERVICES, INC. IS A WHOLLY-OWNED SUBSIDIARY OF AMPF HOLDING CORPORATION, FORMERLY HRB FINANCIAL CORPORATION, WHICH IS WHOLLY-OWNED HRB FINANCIAL CORPORATION BY AMERPRISE FINANCIAL, INC.  UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**BRECEK & YOUNG ADVISORS, INC. is controlled by the firm.**

<b>CRD #:</b>	40395
<b>Business Address:</b>	1110 IRON POINT RD SUITE 100 FOLSOM, CA 95630
<b>Effective Date:</b>	10/31/2008

**Firm Operations****Organization Affiliates (continued)**

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** AFFILIATED FIRM UNDER THE COMMON OWNERSHIP OF SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE SERVICES, INC. is under common control with the firm.**

**CRD #:** 37341

**Business Address:** 100 PARK AVENUE  
NEW YORK, NY 10017

**Effective Date:** 11/07/2008

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** RIVERSOURCE SERVICES, INC. IS OWNED BY RIVERSOURCE INVESTMENTS, LLC, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC. SECURITIES AMERICA, INC. IS A WHOLLY-OWNED SUBSIDIARY OF SECURITIES AMERICA FINANCIAL CORPORATION, AND AN INDIRECT SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

**RIVERSOURCE FUND DISTRIBUTORS, INC. is under common control with the firm.**

**CRD #:** 840

**Business Address:** 100 PARK AVENUE  
NEW YORK, NY 10017

**Effective Date:** 11/07/2008

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** No

**Description:** RIVERSOURCE FUND DISTRIBUTORS, INC. IS OWNED BY RIVERSOURCE INVESTMENTS, LLC, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC. SECURITIES AMERICA, INC. IS A WHOLLY-OWNED SUBSIDIARY OF SECURITIES AMERICA FINANCIAL CORPORATION, AND AN INDIRECT SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

#### J. & W. SELIGMAN & CO. INCORPORATED is under common control with the firm.

**CRD #:** 104718

**Business Address:** 100 PARK AVENUE  
NEW YORK, NY 10017

**Effective Date:** 11/07/2008

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** J&W SELIGMAN & CO INCORPORATED IS OWNED BY RIVERSOURCE INVESTMENTS, LLC, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC. SECURITIES AMERICA, INC. IS A WHOLLY-OWNED SUBSIDIARY OF SECURITIES AMERICA FINANCIAL CORPORATION, AND AN INDIRECT SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

#### AMERIPRISE FINANCIAL, INC controls the firm.

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 03/12/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** AMERIPRISE FINANCIAL, INC., F/K/A AMERICAN EXPRESS FINANCIAL

**Firm Operations****Organization Affiliates (continued)**

CORPORATION (CRD #6320- INACTIVATED ON 10/11/2005), OWNS 100% OF APPLICANT.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE LIFE INSURANCE CO. OF NEW YORK is under common control with the firm.**

**Business Address:** 20 MADISON AVENUE EXT.  
ALBANY, NY 12203

**Effective Date:** 03/12/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** No

**Description:** RIVERSOURCE LIFE INSURANCE COMPANY OF NEW YORK, F/K/A IDS LIFE INSURANCE COMPANY OF NY, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**THREADNEEDLE NAVIGATOR ISA MANAGER LTD. is under common control with the firm.**

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE NAVIGATOR ISA MANAGER LTD., F/K/A EAGLE STAR ISA

**Firm Operations****Organization Affiliates (continued)**

MANAGER LTD., IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**THREADNEEDLE UNIT TRUST MANAGER LTD is under common control with the firm.**

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE UNIT TRUST MANAGER LTD F/K/A EAGLE STAR UNIT MANAGERS LTD., IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**KENWOOD CAPITAL MANAGEMENT LLC is under common control with the firm.**

**Business Address:** 2330 ACCUNTURE TOWER  
METROPOLITAN CENTER  
MINNEAPOLIS, MN 55402

**Effective Date:** 10/08/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** Yes

**Description:** THIS IS A JOINT VENTURE AFFILIATE OF RIVERSOURCE INVESTMENTS, LLC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

#### **THREADNEEDLE INTERNATIONAL LIMITED is under common control with the firm.**

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE INTERNATIONAL LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

#### **THREADNEEDLE INVESTMENT SERVICES LIMITED is under common control with the firm.**

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

## Firm Operations



### Organization Affiliates (continued)

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE INVESTMENT SERVICES LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

---

#### THREADNEEDLE PENSIONS LIMITED is under common control with the firm.

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE PENSIONS LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

---

#### THREADNEEDLE PORTFOLIO SERVICES LIMITED is under common control with the firm.

**Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ

**Effective Date:** 09/30/2003

**Foreign Entity:** Yes

**Country:** UNITED KINGDOM

**Securities Activities:** Yes

**Firm Operations****Organization Affiliates (continued)**

**Investment Advisory Activities:** No

**Description:** THREADNEEDLE PORTFOLIO SERVICES LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE DISTRIBUTORS, INC. is under common control with the firm.**

**CRD #:** 139135

**Business Address:** 707 SECOND AVENUE SOUTH  
MINNEAPOLIS, MN 55474

**Effective Date:** 07/05/2006

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** RIVERSOURCE DISTRIBUTORS, INC. IS WHOLLY-OWNED BY AMERIPRISE FINANCIAL, INC.

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**AMERIPRISE BANK, FSB is under common control with the firm.**

**Business Address:** SEVEN WORLD TRADE CENTER  
250 GREENWICH STREET- SUITE 3900  
NEW YORK, NY 10007

**Effective Date:** 09/18/2006

**Foreign Entity:** No

**Country:**

**Firm Operations****Organization Affiliates (continued)**

<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	AMERIPRISE BANK, FSB IS WHOLLY-OWNED BY AMERIPRISE FINANCIAL, INC.  UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE LIFE INSURANCE COMPANY is under common control with the firm.**

<b>Business Address:</b>	50611 AMERIPRISE FINANCIAL CENTER 707 SECOND AVENUE SOUTH MINNEAPOLIS, MN 55474
<b>Effective Date:</b>	03/12/1998
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	RIVERSOURCE LIFE INSURANCE COMPANY WAS F/K/A IDS LIFE INSURANCE COMPANY, A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.  UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**THREADNEEDLE CAPITAL MANAGEMENT LIMITED is under common control with the firm.**

<b>Business Address:</b>	60 ST. MARY AXE LONDON, UK EC3A8JQ
<b>Effective Date:</b>	03/12/1998
<b>Foreign Entity:</b>	Yes
<b>Country:</b>	UNITED KINGDOM

**Firm Operations****Organization Affiliates (continued)****Securities Activities:** Yes**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE CAPITAL MANAGEMENT LIMITED IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

BROKER/DEALER UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**THREADNEEDLE ASSET MANAGEMENT LTD is under common control with the firm.****Business Address:** 60 ST. MARY AXE  
LONDON, UK EC3A8JQ**Effective Date:** 03/12/1998**Foreign Entity:** Yes**Country:** UNITED KINGDOM**Securities Activities:** Yes**Investment Advisory Activities:** Yes

**Description:** THREADNEEDLE ASSET MANAGEMENT LTC IS OWNED BY THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED WHICH IS A WHOLLY-OWNED SUBSIDIARY OF AMERIPRISE FINANCIAL, INC.

BROKER/DEALER UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE SERVICE CORPORATION is under common control with the firm.****Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474**Effective Date:** 03/12/1998**Foreign Entity:** No**Country:**

**Firm Operations****Organization Affiliates (continued)**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** RIVERSOURCE SERVICE CORPORATION WAS F/K/A AMERICAN EXPRESS SERVICE CORPORATION

UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**AMERIPRISE CERTIFICATE COMPANY is under common control with the firm.**

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 08/01/2005

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** No

**Description:** THROUGH COMMON OWNERSHIP OF UPSTREAM HOLDING COMPANIES SAI AND ACC ARE AFFILIATED.

**AMERIPRISE TRUST COMPANY is under common control with the firm.**

**Business Address:** 1200 NORTHSTAR WEST  
MINNEAPOLIS, MN 55440

**Effective Date:** 08/01/2005

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** No

**Description:** THROUGH COMMON OWNERSHIP OF UPSTREAM HOLDING COMPANIES SAI AND ATC ARE AFFILIATED.

**Firm Operations****Organization Affiliates (continued)****AMERICAN ENTERPRISE INVESTMENT SERVICES INC. is under common control with the firm.**

**CRD #:** 26506

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 03/12/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** BROKER/DEALER UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

**RIVERSOURCE INVESTMENTS, LLC is under common control with the firm.**

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER  
MINNEAPOLIS, MN 55474

**Effective Date:** 03/12/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** UNDER COMMON OWNERSHIP. ON MARCH 12, 1998 AMERICA EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA, INC.'S PARENT COMPANY SECURITIES AMERICA FINANCIAL CORP.

AS OF AUGUST 1, 2005 AMERICAN EXPRESS ASSET MANAGEMENT GROUP INC. IS NOW NAMED RIVERSOURCE INVESTMENTS, LLC.

**AMERIPRISE FINANCIAL SERVICES, INC. is under common control with the firm.**

**CRD #:** 6363

**Business Address:** 50611 AMERIPRISE FINANCIAL CENTER

**Firm Operations****Organization Affiliates (continued)**

MINNEAPOLIS, MN 55474

**Effective Date:** 03/12/1998

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** Yes

**Description:** AMERIPRISE FINANCIAL SERVICES, INC. WAS FORMALLY KNOWN AS AMERICAN EXPRESS FINANCIAL ADVISORS, INC.

BROKER/DEALER WITH COMMON OWNERSHIP. ON MARCH 13, 1998 AMERICAN EXPRESS FINANCIAL CORP. PURCHASED 100% OWNERSHIP IN SECURITIES AMERICA'S PARENT COMPANY SECURITES AMERICA FINANCIAL CORP.

AS OF AUGUST 1, 2005, AMERICAN EXPRESS FINANCIAL ADVISORS IS NOW NAMED AMERIPRISE FIANCIAL SERVICES, INC.

**SECURITIES AMERICA ADVISORS, INC. is under common control with the firm.**

**CRD #:** 110518

**Business Address:** 12325 PORT GRACE BLVD.  
LAVISTA, NE 68128

**Effective Date:** 01/25/1994

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** AFFILIATED REGISTERED INVESTMENT ADVISORY FIRM UNDER THE COMMON OWNERSHIP OF SECURITIES AMERICA FINANCIAL CORP.

**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System

## Firm Operations



### Organization Affiliates (continued)

- state non-member bank
- savings bank or association
- credit union
- or foreign bank

## Disclosure of Arbitration Awards, Disciplinary, Financial, and Regulatory Events



Firms are required to answer a series of disclosure questions on Form BD and provide corresponding details to certain events as part of the securities industry registration and licensing process. The disclosure questions concern certain criminal events, civil actions, financial disclosures (e.g., bankruptcy or liquidation proceedings filed within the past ten years), bond actions and unpaid judgments and liens. The firm must answer either "yes" or "no" to each question as it applies to the firm itself or to any of its control affiliates (i.e., an individual, partnership, corporation, trust, or other organization that directly or indirectly controls, is under common control with, or is controlled by the firm). This section lists the various disclosure questions and their corresponding answers as reported by the firm on Form BD.



Possible multiple reporting sources -- please note:

Disclosure event details may be reported by more than one source (i.e., regulator or firm). When this occurs, all versions of the reported event will appear in the firm's BrokerCheck report. The different versions of the same reported disclosure event are separated by a solid line with the reporting source clearly labeled.

	Pending	Final	On Appeal
Regulatory Event	0	27	0
Arbitration	N/A	43	N/A
Bond	N/A	5	N/A



## Disclosure Event Details

This section provides the specific details for each disclosure event that was reported in CRD which was reported as part of the securities industry registration and licensing process. It also includes summary information regarding arbitration awards in cases where the firm was named as a respondent in the consumer-initiated arbitration proceeding, if any.

Nothing will be displayed in this section of the firm's BrokerCheck Report when the firm has no reported disclosure information.

If the firm does have reported disclosure events, please keep the following in mind when evaluating the disclosure event details. Items may involve pending actions or allegations that may be contested and have not been resolved or proven. In the end, the items may be withdrawn, dismissed, or otherwise resolved in favor of the firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD by the firm and/or by regulators. Some of the specific data fields contained in this section of the report may be blank if the information was not provided to CRD.

Disclosure events may be reported by more than one source (i.e., regulator and firm). When this occurs, all versions of the event will appear on the firm's BrokerCheck report. A solid line separates the different versions of the same disclosure event with the reporting source labeled (e.g., Source: Firm or Source: Regulator).

### Regulatory - Final

This section provides information regarding any final, regulatory action as reported by the firm and/or a securities regulator to CRD as part of the securities industry registration and licensing process. Such event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the U.S. Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations. In addition, a revocation or suspension of the authority of a firm's control affiliate to act as an attorney, accountant or federal contractor, if any, will appear here.

#### Disclosure 1 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULE 2110: THE BREAKPOINT SELF-ASSESSMENT FOLLOW-UP REVIEW CONDUCTED FOR THE FIRM FOUND THAT THE FIRM FAILED TO ACCURATELY COMPLETE THE SELF-ASSESSMENT OF BREAKPOINT COMPLIANCE AND DID NOT IDENTIFY AND REVIEW ALL QUALIFYING MUTUAL FUND TRANSACTIONS TO DETERMINE WHETHER REMEDIAL ACTION WAS NECESSARY. THE FIRM DID NOT ACCURATELY COMPLETE THE REQUIRED TRADE-BY-TRADE REVIEW AS PART OF THE REMEDIATION PROCESS FOLLOWING THE SELF-ASSESSMENT.



**Initiated By:** FINRA  
**Date Initiated:** 03/23/2009  
**Docket/Case Number:** 2005001164501  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 03/23/2009  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$55,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS: THEREFORE, THE FIRM IS CENSURED AND FINED \$55,000.

---

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FINRA HAS ALLEGED A VIOLATION OF NASD RULE 2110. MATTER ARISES FROM POTENTIAL VIOLATIONS DISCOVERED BY THE NASD IN AN EXAMINATION OF SECURITIES AMERICA, INC. (THE "FIRM") IN 2005. NASD ALLEGED THAT THE FIRM UNDER-REPORTED THE NUMBER OF QUALIFYING AUTOMATED PURCHASES (QAPS) IN ITS BREAKPOINT SELF-ASSESSMENT COMPLETED IN 2003. NASD ALSO ALLEGED THAT THE FIRM FAILED TO IDENTIFY FIVE MISSED BREAKPOINTS IN IT'S TRADE-BY-TRADE REVIEWS OUT OF A SAMPLE OF 60 TRADES EXAMINED.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY



**Date Initiated:** 02/07/2008  
**Docket/Case Number:** 2005001164501  
**Principal Product Type:** Mutual Fund(s)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** WELLS NOTICE RELATING TO BREAKPOINTS.  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 03/23/2009  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$55,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; SAI WAS CENSURED AND FINED \$55,000.

#### Disclosure 2 of 27

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** STATE OF NEBRASKA HAS DETERMINED THAT SAI HAS VIOLATED STATE RULES NEB. REV. 8-1103 FOR FAILING TO PROPERLY DISCLOSE OUTSIDE BUSINESS OF IT REPRESENTATIVES UNDER SECTION 13 OF FORM U4. SAI ALLOWS IT REPRESENTATIVES TO LIST OUTSIDE BUSINESS SUCH AS FIXED INSURANCE ACTIVITIES UNDER SECTION 12, SECTION 13 OR BOTH OF FORM U4.  
**Initiated By:** STATE OF NEBRASKA DEPARTMENT OF BANKING AND FINANCE  
**Date Initiated:** 07/15/2008  
**Docket/Case Number:** N/A  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



**Other Sanction(s)/Relief Sought:**

**Resolution:** Order

**Resolution Date:** 08/13/2008

**Sanctions Ordered:** Monetary/Fine \$2,500.00

**Other Sanctions Ordered:**

**Sanction Details:** SAI PAID A FINE OF \$2500.00 TO STATE OF NEBRASKA 8/13/2008 AND AGREED TO THE CONDITION OF THE CONSENT ORDER ISSUED 7/15/2008.

**Summary:** THE STATE OF NE HAS ACCEPTED THE ORDER.

---

**Disclosure 3 of 27**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 6230(A), 6230(C)(8) - SECURITIES AMERICA, INC. FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES.

**Initiated By:** FINRA

**Date Initiated:** 07/21/2008

**Docket/Case Number:** 20050032151-01

**Principal Product Type:** Other

**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/21/2008



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

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$7,500.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 6230(A), 6230(C)(8) - SECURITIES AMERICA, INC. (SAI) FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 15 MINUTES OF THE TIME OF EXECUTION. SAI FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES.

**Initiated By:** NASD

**Date Initiated:** 11/28/2005

**Docket/Case Number:** 20050032151-01

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):** DEBT - MUNIS

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** WELLS NOTICE WITH RESPECT TO TRACE REPORTING

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/24/2008

**Sanctions Ordered:** Censure  
Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THIS DISPOSITION RESULTED IN A CENSURE AND FINE OF \$7500.00. SAI PAID THE FINE JUNE 30, 2008.

**Summary:** WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND THE ENTRY OF THE FINDINGS.

**Disclosure 4 of 27**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2830(K)(7)(C), 2830(K)(4), 3010: RESPONDENT MEMBER FIRM GRANTED AN INDIVIDUAL A PARTICIPATION IN THE DIRECTED COMMISSIONS RECEIVED FROM MUTUAL FUND COMPANY CONTRARY TO NASD RULE THAT PROHIBITS A MEMBER FROM GRANTING SALES PERSONNEL PARTICIPATION IN DIRECTED COMMISSIONS. IN ADDITION, BECAUSE THE DIRECTED COMMISSIONS WERE EARMARKED FOR THE HIRING OF A SALES ASSISTANT WITH THE EXPECTATION BY ALL PARTIES THAT THE SALES ASSISTANT WOULD GENERATE ADDITIONAL SALES, THE ARRANGEMENT CONSTITUTED AN IMPERMISSIBLE PROMISE OF ADDITIONAL SALES. SAI APPROVED AN ARRANGEMENT WITH FUND COMPANY AND RECEIVED \$420,000 IN DIRECTED COMMISSIONS FOR A BENEFIT OF AN INDIVIDUAL. THE FIRM PAID \$262,500 OUT OF THESE DIRECTED COMMISSIONS AND RETAINED \$157,500. THIS ARRANGEMENT AND PAYMENTS VIOLATED RESTRICTIONS PLACED ON THE USE OF DIRECTED BROKERAGE COMMISSIONS SET FORTH IN NASD RULES. RESPONDENT MEMBER FIRM KNEW OR SHOULD HAVE KNOWN OF MATERIAL CONFLICT OF INTEREST, BUT FAILED TO TAKE STEPS TO ENSURE THAT AN INDIVIDUAL ACCURATELY DESCRIBE AND FULLY DISCLOSE TO HIS CUSTOMERS THE RECEIPT OF ADDITIONAL COMPENSATION FROM FUND COMPANY AND FURTHER FAILED TO DETECT AND PREVENT OTHER MISLEADING COMMUNICATION BY AN INDIVIDUAL CONCERNING HIS ARRANGEMENT AND THE NASD INVESTIGATION, INCLUDING ONE INSTANCE OF THE MISLEADING COMMUNICATIONS PRIOR TO ITS BEING SENT TO THE CUSTOMER. THE FIRM VIOLATED NASD RULE THAT REQUIRE MEMBER FIRMS TO MAINTAIN AND ENFORCE A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SUPERVISION OF ITS REGISTERED REPRESENTATIVES.

**Initiated By:** NASD

**Date Initiated:** 07/11/2007

**Docket/Case Number:** 2005003437101



**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** FINE AND CENSURE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 07/11/2007

**Sanctions Ordered:** Censure  
Monetary/Fine \$375,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, SAI CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; SAI WAS CENSURED, FINED \$375,000 AND REQUIRED TO COOPERATE FULLY WITH NASD IN ANY AND ALL INVESTIGATIONS, LITIGATION OR OTHER PROCEEDING THAT CONCERN, RELATE OR ARISE FROM THE MATTERS DESCRIBED IN THIS AWC.

#### Disclosure 5 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2310 AND 3010: THIS MATTER ARISES FROM A REVIEW OF SECURITIES AMERICA, INC. (THE "FIRM") SALES OF CLASS B SHARES AND CLASS C OF MUTUAL FUNDS BETWEEN JANUARY 1, 2003 AND JULY 31, 2004 (THE "REVIEW PERIOD"). WITHIN THE REVIEW PERIOD THE FIRM EFFECTED TRANSACTIONS WHERE IT MADE RECOMMENDATIONS TO CLIENTS TO PURCHASE CLASS B AND CLASS C SHARES THROUGH ITS REGISTERED REPRESENTATIVES. IN CONNECTION WITH ITS RECOMMENDATIONS, THE FIRM DID NOT CONSIDER ON A CONSISTENT BASIS THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS FOR CERTAIN CLIENTS. THE FIRM DID NOT CONSISTENTLY CONSIDER THAT LARGE INVESTMENTS IN CLASS A SHARES OF MUTUAL FUNDS ENTITLE CLIENTS TO BREAKPOINT DISCOUNTS ON SALES CHARGES, GENERALLY BEGINNING AT THE \$50,000 INVESTMENT LEVEL, WHICH IS NOT AVAILABLE FOR INVESTMENT IN CLASS B SHARES AND CLASS C SHARES. CLIENTS MAY BE ENTITLED TO BREAKPOINTS BASED UPON A SINGLE MUTUAL FUND PURCHASE, MULTIPLE PURCHASES IN THE SAME "FAMILY OF FUND" AND/OR MUTUAL FUND INVESTMENTS HELD AT THE TIME OF THE NEW



PURCHASE, BY MEMBERS OF THE CLIENT'S "HOUSEHOLD" AS THAT TERM IS DEFINED IN THE PROSPECTUS OF THE FUND IN WHICH THE SHARES ARE BEING PURCHASED. UNLIKE CLASS A SHARES, CLASS B SHARES ARE SUBJECT TO CONTINGENT DEFERRED SALES CHARGES ("CDSCS") FOR A PERIOD OF TIME, GENERALLY SIX YEARS, AS WELL AS HIGHER ONGOING RULE 12B-1 FEES FOR AS LONG AS THE CLASS B SHARES ARE HELD. THE CDSCS AND THE HIGHER ONGOING RULE 12B-1 FEES SIGNIFICANTLY AFFECT THE RETURN ON CLIENTS' MUTUAL FUND INVESTMENTS. IN ADDITION, THE FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES DURING THE REVIEW PERIOD WERE NOT REASONABLY ESTABLISHED, MAINTAINED AND/OR ENFORCED SO THAT THE FIRM, AT THE TIME OF EACH SALE, PROVIDED CONSIDERATION TO, ON A CONSISTENT BASIS, THE BENEFITS OF VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CLIENTS.

**Initiated By:** NASD NKA FINRA

**Date Initiated:** 03/24/2008

**Docket/Case Number:** EAF0401370002

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 03/24/2008

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$322,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$322,000 AND AGREES TO THE FOLLOWING UNDERTAKINGS: THE FIRM MUST CREATE A LIST OF CLIENTS WHO PURCHASED \$50,000 OR MORE OF CLASS B SHARES



BETWEEN JANUARY 1, 2003 AND JUNE 28, 2007, IN ANY SINGLE FUND FAMILY, WHICH SHALL BE AGGREGATED BY HOUSEHOLD AND FUND FAMILY IN DETERMINING IF THE \$50,000 THRESHOLD WAS MET AND CLASS C SHARES DURING THE RELEVANT TIME PERIOD WHICH, WHEN AGGREGATED BY HOUSEHOLD AND FUND FAMILY, TOTAL \$500,000 OR MORE AND INVOLVE PAYMENT OF A FRONT-END LOAD, OR \$1 MILLION OR MORE WHERE NO FRONT-END LOAD WAS PAID. THE LIST MUST INCLUDE AT LEAST THE CLIENT'S NAME(S) AND CONTACT INFORMATION, A FIRM-DESIGNATED HOUSEHOLD IDENTIFICATION NUMBER, THE TRADE DATE, FUND NAME, FUND SYMBOL AND NUMBER OF SHARES PURCHASED, AND THE GROSS PRINCIPAL AMOUNT INVESTED FOR EVERY PURCHASE. WHEN DETERMINING THE LIST OF QUALIFYING PURCHASES, THE FIRM MUST MAKE SUCH CALCULATIONS BASED ON EFFECTIVE DATE OF ORIGINAL AWC(6/28/07). WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND HELD ALL OR ANY PORTION OF HIS OR HER CLASS B SHARES AND/OR CLASS C SHARES AS OF THE EFFECTIVE DATE OF ORIGINAL AWC, INCLUDING REINVESTMENT SHARES, SO THAT SUCH CLIENT IS PUT INTO SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH HE OR SHE WOULD HAVE BEEN WITH RESPECT TO THE HELD QUALIFYING SHARE PURCHASES HAD THE CLIENT PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES AND/OR CLASS C SHARES. WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND SOLD SOME OR ALL OF HIS OR HER CLASS B AND/OR CLASS C SHARES COMPRISING THE QUALIFYING SHARE PURCHASE(S) OF THE DIFFERENCE, IF ANY, BETWEEN THE VALUE OF THE CLASS B AND/OR CLASS C SHARES REDEEMED, (CONTINUED IN COMMENTS)

**Summary:**

(SANCTION DETAIL CONTINUED) AS OF THE DATE OF REDEMPTION, AND THE VALUE BASED ON ACTUAL FUND PERFORMANCE, OF CLASS A SHARES HAD THEY BEEN PURCHASED INSTEAD. CASH PAYMENTS ARE NOT REQUIRED WHEN TOTAL AMOUNT DUE TO CLIENT IS LESS THAN \$10. CLIENTS WILL BE ENTITLED TO BREAKPOINTS CALCULATED BASED ON THE TOTAL OF ALL OPENING CLASS B AND/OR CLASS C SHARE BALANCES, DEPENDING ON THE SHARE CLASS FOR WHICH CONVERSION AND/OR CASH IN BEING OFFERED AGGREGATED BY HOUSEHOLD AND FUND FAMILY, PLUS THE TOTAL RESPECTIVE CLASS B AND/OR CLASS C SHARE PURCHASES AGGREGATED BY HOUSEHOLD AND FUND FAMILY DURING THE RELEVANT TIME PERIOD. WITHIN 60 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST SUBMIT TO NASD NKA FINRA FOR REVIEW A SAMPLE LETTER TO CLIENTS OFFERING THEM THE OPPORTUNITY TO CONVERT ANY OR ALL OF THE QUALIFYING PURCHASES, NOT UNACCEPTABLE TO NASD. WITHIN 60 DAYS FROM NOTICE OF ACCEPTANCE OF ORIGINAL AWC, FIRM MUST DESIGNATE AND



TRAIN STAFF ("RESPONSE TEAM") TO FIELD AND RESPOND TO CLIENT INQUIRIES IN CONNECTION WITH AWC AND REMEDIATION PROCESS PURSUANT TO AWC. FIRM MUST COMPLETE REMEDIATION PROCESS WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC. WITHIN 330 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST FILE A REPORT ("INITIAL REPORT") WITH NASD, AND SIMULTANEOUSLY WITH THIRD PARTY EXAMINER. FIRM'S INITIAL REPORT MUST BE SUBMITTED TO NASD, CERTIFIED TO, AND SIGNED BY, AN OFFICER OF FIRM WHO IS REGISTERED WITH NASD AT THE TIME OF THE CERTIFICATION. WITHIN 60 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST RETAIN A THIRD PARTY EXAMINER, WHO SHALL NOT BE UNACCEPTABLE TO NASD TO EXAMINE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE TERMS OF THIS AWC AS REFLECTED IN THE FIRM'S INITIAL REPORT. AT THE CONCLUSION OF THE EXAMINATION, BUT NOT LATER THAN 420 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST REQUIRE THE THIRD PARTY EXAMINER TO SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND NASD.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

NASD RULES 2110, 2310 AND 3010: THIS MATTER ARISES FROM A REVIEW OF SECURITIES AMERICA, INC. (THE "FIRM") SALES OF CLASS B SHARES AND CLASS C OF MUTUAL FUNDS BETWEEN JANUARY 1, 2003 AND JULY 31, 2004 (THE "REVIEW PERIOD"). WITHIN THE REVIEW PERIOD THE FIRM EFFECTED TRANSACTIONS WHERE IT MADE RECOMMENDATIONS TO CLIENTS TO PURCHASE CLASS B AND CLASS C SHARES THROUGH ITS REGISTERED REPRESENTATIVES. IN CONNECTION WITH ITS RECOMMENDATIONS, THE FIRM DID NOT CONSIDER ON A CONSISTENT BASIS THAT AN EQUAL INVESTMENT IN CLASS A SHARES WOULD GENERALLY HAVE BEEN MORE ADVANTAGEOUS FOR CERTAIN CLIENTS. THE FIRM DID NOT CONSISTENTLY CONSIDER THAT LARGE INVESTMENTS IN CLASS A SHARES OF MUTUAL FUNDS ENTITLE CLIENTS TO BREAKPOINT DISCOUNTS ON SALES CHARGES, GENERALLY BEGINNING AT THE \$50,000 INVESTMENT LEVEL, WHICH IS NOT AVAILABLE FOR INVESTMENT IN CLASS B SHARES AND CLASS C SHARES. CLIENTS MAY BE ENTITLED TO BREAKPOINTS BASED UPON A SINGLE MUTUAL FUND PURCHASE, MULTIPLE PURCHASES IN THE SAME "FAMILY OF FUND" AND/OR MUTUAL FUND INVESTMENTS HELD AT THE TIME OF THE NEW PURCHASE, BY MEMBERS OF THE CLIENT'S "HOUSEHOLD" AS THAT TERM IS DEFINED IN THE PROSPECTUS OF THE FUND IN WHICH THE SHARES ARE BEING PURCHASED. UNLIKE CLASS A SHARES, CLASS B SHARES ARE SUBJECT TO CONTINGENT DEFERRED SALES CHARGES ("CDSCS") FOR A PERIOD OF TIME, GENERALLY SIX YEARS, AS WELL AS HIGHER ONGOING



RULE 12B-1 FEES FOR AS LONG AS THE CLASS B SHARES ARE HELD. THE CDSCS AND THE HIGHER ONGOING RULE 12B-1 FEES SIGNIFICANTLY AFFECT THE RETURN ON CLIENTS' MUTUAL FUND INVESTMENTS. IN ADDITION, THE FIRM'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES DURING THE REVIEW PERIOD WERE NOT REASONABLY ESTABLISHED, MAINTAINED AND/OR ENFORCED SO THAT THE FIRM, AT THE TIME OF EACH SALE, PROVIDED CONSIDERATION TO, ON A CONSISTENT BASIS, THE BENEFITS OF VARIOUS MUTUAL FUND SHARE CLASSES AS THEY APPLIED TO INDIVIDUAL CLIENTS.

**Initiated By:** NASD NKA FINRA

**Date Initiated:** 06/28/2007

**Docket/Case Number:** EAF0401370002

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** FINE AND CENSURE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/28/2007

**Sanctions Ordered:** Censure  
Monetary/Fine \$322,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$322,000 AND AGREES TO THE FOLLOWING UNDERTAKINGS: THE FIRM MUST CREATE A LIST OF CLIENTS WHO PURCHASED \$50,000 OR MORE OF CLASS B SHARES BETWEEN JANUARY 1, 2003 AND JUNE 28, 2007, IN ANY SINGLE FUND FAMILY, WHICH SHALL BE AGGREGATED BY HOUSEHOLD AND FUND FAMILY IN DETERMINING IF THE \$50,000 THRESHOLD WAS MET AND CLASS C SHARES DURING THE RELEVANT TIME PERIOD WHICH, WHEN AGGREGATED BY HOUSEHOLD AND FUND FAMILY, TOTAL \$500,000 OR MORE AND INVOLVE PAYMENT OF A FRONT-END LOAD, OR \$1 MILLION OR MORE WHERE NO FRONT-END LOAD WAS PAID. THE LIST MUST INCLUDE AT LEAST THE CLIENT'S NAME(S) AND CONTACT INFORMATION, A FIRM-DESIGNATED HOUSEHOLD IDENTIFICATION NUMBER, THE TRADE DATE, FUND NAME, FUND SYMBOL AND NUMBER OF SHARES PURCHASED, AND THE GROSS PRINCIPAL AMOUNT INVESTED FOR EVERY



PURCHASE. WHEN DETERMINING THE LIST OF QUALIFYING PURCHASES, THE FIRM MUST MAKE SUCH CALCULATIONS BASED ON EFFECTIVE DATE OF ORIGINAL AWC(6/28/07). WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND HELD ALL OR ANY PORTION OF HIS OR HER CLASS B SHARES AND/OR CLASS C SHARES AS OF THE EFFECTIVE DATE OF ORIGINAL AWC, INCLUDING REINVESTMENT SHARES, SO THAT SUCH CLIENT IS PUT INTO SUBSTANTIALLY THE SAME FINANCIAL POSITION IN WHICH HE OR SHE WOULD HAVE BEEN WITH RESPECT TO THE HELD QUALIFYING SHARE PURCHASES HAD THE CLIENT PURCHASED CLASS A SHARES INSTEAD OF CLASS B SHARES AND/OR CLASS C SHARES. WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST MAKE A CASH PAYMENT TO EACH CLIENT WHO MADE A QUALIFYING SHARE PURCHASE(S) AND SOLD SOME OR ALL OF HIS OR HER CLASS B AND/OR CLASS C SHARES COMPRISING THE QUALIFYING SHARE PURCHASE(S) OF THE DIFFERENCE, IF ANY, BETWEEN THE VALUE OF THE CLASS B AND/OR CLASS C SHARES REDEEMED, (CONTINUED IN COMMENTS)

**Summary:**

(SANCTION DETAIL CONTINUED) AS OF THE DATE OF REDEMPTION, AND THE VALUE BASED ON ACTUAL FUND PERFORMANCE, OF CLASS A SHARES HAD THEY BEEN PURCHASED INSTEAD. CASH PAYMENTS ARE NOT REQUIRED WHEN TOTAL AMOUNT DUE TO CLIENT IS LESS THAN \$10. CLIENTS WILL BE ENTITLED TO BREAKPOINTS CALCULATED BASED ON THE TOTAL OF ALL OPENING CLASS B AND/OR CLASS C SHARE BALANCES, DEPENDING ON THE SHARE CLASS FOR WHICH CONVERSION AND/OR CASH IN BEING OFFERED AGGREGATED BY HOUSEHOLD AND FUND FAMILY, PLUS THE TOTAL RESPECTIVE CLASS B AND/OR CLASS C SHARE PURCHASES AGGREGATED BY HOUSEHOLD AND FUND FAMILY DURING THE RELEVANT TIME PERIOD. WITHIN 60 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST SUBMIT TO NASD NKA FINRA FOR REVIEW A SAMPLE LETTER TO CLIENTS OFFERING THEM THE OPPORTUNITY TO CONVERT ANY OR ALL OF THE QUALIFYING PURCHASES, NOT UNACCEPTABLE TO NASD. WITHIN 60 DAYS FROM NOTICE OF ACCEPTANCE OF ORIGINAL AWC, FIRM MUST DESIGNATE AND TRAIN STAFF ("RESPONSE TEAM") TO FIELD AND RESPOND TO CLIENT INQUIRIES IN CONNECTION WITH AWC AND REMEDIATION PROCESS PURSUANT TO AWC. FIRM MUST COMPLETE REMEDIATION PROCESS WITHIN 270 DAYS FROM EFFECTIVE DATE OF ORIGINAL AWC. WITHIN 330 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST FILE A REPORT ("INITIAL REPORT") WITH NASD, AND SIMULTANEOUSLY WITH THIRD PARTY EXAMINER. FIRM'S INITIAL REPORT MUST BE SUBMITTED TO NASD, CERTIFIED TO, AND SIGNED BY, AN OFFICER OF FIRM WHO IS REGISTERED WITH NASD AT THE TIME OF THE CERTIFICATION. WITHIN 60 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST RETAIN A THIRD PARTY EXAMINER, WHO SHALL NOT BE UNACCEPTABLE



TO NASD TO EXAMINE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE TERMS OF THIS AWC AS REFLECTED IN THE FIRM'S INITIAL REPORT. AT THE CONCLUSION OF THE EXAMINATION, BUT NOT LATER THAN 420 DAYS FOLLOWING EFFECTIVE DATE OF ORIGINAL AWC, FIRM MUST REQUIRE THE THIRD PARTY EXAMINER TO SUBMIT A WRITTEN FINAL REPORT TO THE FIRM AND NASD.

#### Disclosure 6 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 2510, 3010(A) - SECURITIES AMERICA, INC. FAILED AND NEGLECTED TO ESTABLISH A SYSTEM REASONABLY DESIGNED TO SUPERVISE THE ACTIVITIES OF A REGISTERED REPRESENTATIVE WHOSE DISCRETIONARY TRADING AND SUBSEQUENT LOSSES TO INVESTORS APPEARED IN THE FIRM'S EXCEPTION REPORTS BUT PROVIDED NO COORDINATED RESPONSE UNTIL A CUSTOMER COMPLAINT WAS FILED A YEAR LATER. THE FIRM FAILED TO REVIEW ALL DISCRETIONARY ACCOUNTS AT FREQUENT INTERVALS IN CONNECTION WITH THE TRANSACTIONS EFFECTED BY THE REPRESENTATIVE IN ORDER TO DETECT AND PREVENT TRANSACTIONS THAT WERE EXCESSIVE IN SIZE OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND CHARACTER OF THE ACCOUNT.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	05/10/2007
<b>Docket/Case Number:</b>	2005001520702
<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	05/10/2007



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

**Sanctions Ordered:** Censure  
Monetary/Fine \$250,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$250,000.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD ALLEGES THAT THE INVESTMENT ADVISORY ACTIVITIES OF SAI REGISTERED REPRESENTATIVE, ROBERT GORMLY, AN INVESTMENT ADVISOR REPRESENTATIVE OF THE GORMLEY COMPANIES, AN UNAFFILIATED INVESTMENT ADVISOR REGISTERED WITH THE SEC RESULTED IN VIOLATIONS BY SAI OF NASD RULES 2510, 3010(A) AND 2110.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 05/10/2007

**Docket/Case Number:** 2005001520702

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE, \$250,000.00

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 05/10/2007

**Sanctions Ordered:** Censure  
Monetary/Fine \$250,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE APPLICANT WILL PAY \$250,000.00 FINE



## Disclosure 7 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>NASD RULES 3010 AND 2110 - DURING THE REVIEW PERIOD, JANUARY 1, 2003, TO OCTOBER 31, 2004, THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE RULES OF THE NASD WITH RESPECT TO ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE. ITS COMPLIANCE MANUAL WAS OUTDATED AND FAILED TO REFLECT THE CURRENT ELECTRONIC MONITORING SYSTEM IN USE AT THE FIRM. THE TRADE REVIEW TEAM ("TRT"), A GROUP WITHIN THE COMPLIANCE DEPARTMENT AT THE HOME OFFICE, REVIEWED THE FIRM'S VARIABLE ANNUITY EXCHANGES. AMONG OTHER THINGS, TRT RELIED ON A SECTION OF THE FIRM'S WSPS, REFERRED TO AS THE "VARIABLE PRODUCT GUIDELINES" ("GUIDELINES") TO PROVIDE GUIDANCE ON HOW TO EVALUATE A PROPOSED EXCHANGE FOR SUITABILITY. BUT THE GUIDELINES FAILED TO PROVIDE ADEQUATE GUIDANCE TO INDIVIDUALS REVIEWING EXCHANGES. FOR EXAMPLE, THE GUIDELINES REQUIRED THAT AN EXCHANGE TRANSACTION MUST BE "IN THE BEST INTEREST OF AND [BE] SUITABLE FOR THE CLIENT." BUT THEY DID NOT PROVIDE GUIDANCE ON HOW THIS STANDARD WAS TO BE APPLIED. IN ADDITION, THE GUIDELINES MANDATED THAT TRT UNDERTAKE A "FURTHER REVIEW" IN CERTAIN CIRCUMSTANCES, BUT FAILED TO DESCRIBE WHAT THAT "FURTHER REVIEW" SHOULD ENTAIL. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE, PRIMARILY DUE TO THE FIRM'S FAILURE TO PROPERLY IMPLEMENT ITS SYSTEM AND PROCEDURES AND ADEQUATELY DOCUMENT THE CONDUCT OF THE SAME. CERTAIN TRANSACTIONS THAT REQUIRED "FURTHER REVIEW" WERE NOT ADEQUATELY REVIEWED AND, TO THE EXTENT SUCH REVIEW OCCURRED, NO DOCUMENTATION OF SUCH REVIEW WAS MAINTAINED. IN ADDITION, THE FIRM REQUESTED THAT TRT TRACK FREQUENT REPLACEMENTS BY REPRESENTATIVES, BUT IT DID NOT GIVE TRT SUFFICIENT TOOLS TO DO SO.</p>
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	12/21/2006
<b>Docket/Case Number:</b>	EAF0400600003
<b>Principal Product Type:</b>	Annuity(ies) - Variable

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 12/21/2006**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure  
Monetary/Fine \$225,000.00**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE THE FIRM IS CENSURED, FINED \$225,000 AND REQUIRED TO COMPLY WITH THE FOLLOWING UNDERTAKINGS: RETAIN, WITHIN 6 MONTHS, AN INDEPENDENT CONSULTANT ("CONSULTANT") TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEM AND PROCEDURES ARE REASONABLE. THE FIRM WILL EXCLUSIVELY BEAR ALL COSTS AND COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING PROVISION OF STAFF SUPPORT. THE FIRM SHALL PLACE NO RESTRICTIONS ON THE CONSULTANT'S COMMUNICATIONS WITH NASD AND, UPON REQUEST, SHALL MAKE AVAILABLE TO NASD STAFF ANY AND ALL COMMUNICATIONS BETWEEN THE CONSULTANT AND THE FIRM AND DOCUMENTS REVIEWED BY THE CONSULTANT IN CONNECTION WITH HIS OR HER ENGAGEMENT. ONCE RETAINED, THE FIRM SHALL NOT TERMINATE THE RELATIONSHIP WITH THE CONSULTANT WITHOUT THE NASD STAFF'S WRITTEN APPROVAL; THE FIRM SHALL NOT BE IN AND SHALL NOT HAVE AN ATTORNEY-CLIENT RELATIONSHIP WITH THE INDEPENDENT CONSULTANT AND SHALL NOT SEEK TO INVOKE THE ATTORNEY CLIENT PRIVILEGE OR OTHER DOCTRINE OR PRIVILEGE TO PREVENT THE INDEPENDENT CONSULTANT FROM TRANSMITTING ANY INFORMATION, REPORTS OR DOCUMENTS TO THE NASD. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 4



MONTHS AFTER THE CONSULTANT IS RETAINED; REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD A WRITTEN REPORT ("REPORT"). WITHIN 90 DAYS AFTER DELIVERY OF THE REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR IF IT DETERMINES THAT A RECOMMENDATION OR THE PROPOSED TIMING FOR IMPLEMENTING THE RECOMMENDATION IS UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE AN ALTERNATIVE PROCEDURE OR TIME FRAME FOR IMPLEMENTING THE RECOMMENDATION TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 3010 AND 2110 - DURING THE REVIEW PERIOD, JANUARY 1, 2003, TO OCTOBER 31, 2004, THE FIRM FAILED TO ESTABLISH AND MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH THE APPLICABLE RULES OF THE NASD WITH RESPECT TO ITS VARIABLE ANNUITY EXCHANGE BUSINESS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WERE INADEQUATE. ITS COMPLIANCE MANUAL WAS OUTDATED AND FAILED TO REFLECT THE CURRENT ELECTRONIC MONITORING SYSTEM IN USE AT THE FIRM. THE TRADE REVIEW TEAM ("TRT"), A GROUP WITHIN THE COMPLIANCE DEPARTMENT AT THE HOME OFFICE, REVIEWED THE FIRM'S VARIABLE ANNUITY EXCHANGES. AMONG OTHER THINGS, TRT RELIED ON A SECTION OF THE FIRM'S WSPS, REFERRED TO AS THE "VARIABLE PRODUCT GUIDELINES" ("GUIDELINES") TO PROVIDE GUIDANCE ON HOW TO EVALUATE A PROPOSED EXCHANGE FOR SUITABILITY. BUT THE GUIDELINES FAILED TO PROVIDE ADEQUATE GUIDANCE TO INDIVIDUALS REVIEWING EXCHANGES. FOR EXAMPLE, THE GUIDELINES REQUIRED THAT AN EXCHANGE TRANSACTION MUST BE "IN THE BEST INTEREST OF AND [BE] SUITABLE FOR THE CLIENT." BUT THEY DID NOT PROVIDE GUIDANCE ON HOW THIS STANDARD WAS TO BE APPLIED. IN ADDITION, THE GUIDELINES MANDATED THAT TRT UNDERTAKE A "FURTHER REVIEW" IN CERTAIN CIRCUMSTANCES, BUT FAILED TO DESCRIBE WHAT THAT "FURTHER REVIEW" SHOULD ENTAIL. IN ADDITION, THE FIRM'S SUPERVISORY SYSTEM WAS INADEQUATE, PRIMARILY DUE TO THE FIRM'S FAILURE TO PROPERLY IMPLEMENT ITS SYSTEM AND PROCEDURES AND ADEQUATELY DOCUMENT THE CONDUCT OF THE SAME. CERTAIN TRANSACTIONS THAT REQUIRED "FURTHER REVIEW" WERE NOT ADEQUATELY REVIEWED AND, TO THE EXTENT SUCH REVIEW OCCURRED, NO DOCUMENTATION OF SUCH REVIEW WAS MAINTAINED. IN ADDITION, THE FIRM REQUESTED THAT TRT



TRACK FREQUENT REPLACEMENTS BY REPRESENTATIVES, BUT IT DID NOT GIVE TRT SUFFICIENT TOOLS TO DO SO.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 12/21/2006

**Docket/Case Number:** EAF0400600003

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** FINE IN THE AMOUNT OF \$225,000.00 AND AN UNDERTAKING RELATING TO (1) MAINTAIN CERTAIN IMPROVMENTS MADE IN ITS POLICIES AND PROCEDURES RELATED TO SUPERVISION OF VARIABLE ANNUITY SALES, AND (2) THE HIRING OF AN INDEPENDENT CONSULTANT RETAINED TO ASSESS THE IMPLEMENTATION OF IMPROVEMENTS, THE ACTION OF SUPERVISORS, AND THE REASONABLENESS OF SYSTEM AND PROCEDURES USED BY SAI WITH RESPECT TO THE SALE OF VARIABLE ANNUITIES.

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/21/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$225,000.00

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE THE FIRM IS CENSURED, FINED \$225,000 AND REQUIRED TO COMPLY WITH THE FOLLOWING UNDERTAKINGS: RETAIN, WITHIN 6 MONTHS, AN INDEPENDENT CONSULTANT ("CONSULTANT") TO CONDUCT A REVIEW TO DETERMINE WHETHER CERTAIN IMPROVEMENTS HAVE BEEN APPROPRIATELY IMPLEMENTED, WHETHER SUPERVISORY PERSONNEL ARE CONDUCTING THE REVIEWS AS PRESCRIBED AND DOCUMENTING THEIR EFFORTS, AND WHETHER THE SYSTEM AND PROCEDURES ARE REASONABLE. THE FIRM WILL EXCLUSIVELY BEAR ALL COSTS AND COOPERATE WITH THE CONSULTANT IN ALL RESPECTS, INCLUDING PROVISION OF STAFF SUPPORT. THE FIRM SHALL PLACE NO RESTRICTIONS ON THE CONSULTANT'S COMMUNICATIONS WITH NASD AND, UPON REQUEST, SHALL MAKE AVAILABLE TO NASD STAFF ANY AND ALL COMMUNICATIONS BETWEEN THE CONSULTANT AND THE FIRM AND DOCUMENTS REVIEWED BY THE CONSULTANT IN CONNECTION WITH HIS OR HER ENGAGEMENT. ONCE RETAINED, THE FIRM SHALL NOT



TERMINATE THE RELATIONSHIP WITH THE CONSULTANT WITHOUT THE NASD STAFF'S WRITTEN APPROVAL; THE FIRM SHALL NOT

## Disclosure 8 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>NASD RULES 2110, 2830(K)(7)(C), 2830(K)(4), 3010: RESPONDENT MEMBER FIRM GRANTED AN INDIVIDUAL A PARTICIPATION IN THE DIRECTED COMMISSIONS RECEIVED FROM MUTUAL FUND COMPANY CONTRARY TO NASD RULE THAT PROHIBITS A MEMBER FROM GRANTING SALES PERSONNEL PARTICIPATION IN DIRECTED COMMISSIONS. IN ADDITION, BECAUSE THE DIRECTED COMMISSIONS WERE EARMARKED FOR THE HIRING OF A SALES ASSISTANT WITH THE EXPECTATION BY ALL PARTIES THAT THE SALES ASSISTANT WOULD GENERATE ADDITIONAL SALES, THE ARRANGEMENT CONSTITUTED AN IMPERMISSIBLE PROMISE OF ADDITIONAL SALES. SAI APPROVED AN ARRANGEMENT WITH FUND COMPANY AND RECEIVED \$420,000 IN DIRECTED COMMISSIONS FOR A BENEFIT OF AN INDIVIDUAL. THE FIRM PAID \$262,500 OUT OF THESE DIRECTED COMMISSIONS AND RETAINED \$157,500. THIS ARRANGEMENT AND PAYMENTS VIOLATED RESTRICTIONS PLACED ON THE USE OF DIRECTED BROKERAGE COMMISSIONS SET FORTH IN NASD RULES. RESPONDENT MEMBER FIRM KNEW OR SHOULD HAVE KNOWN OF MATERIAL CONFLICT OF INTEREST, BUT FAILED TO TAKE STEPS TO ENSURE THAT AN INDIVIDUAL ACCURATELY DESCRIBE AND FULLY DISCLOSE TO HIS CUSTOMERS THE RECEIPT OF ADDITIONAL COMPENSATION FROM FUND COMPANY AND FURTHER FAILED TO DETECT AND PREVENT OTHER MISLEADING COMMUNICATION BY AN INDIVIDUAL CONCERNING HIS ARRANGEMENT AND THE NASD INVESTIGATION, INCLUDING ONE INSTANCE OF THE MISLEADING COMMUNICATIONS PRIOR TO ITS BEING SENT TO THE CUSTOMER. THE FIRM VIOLATED NASD RULE THAT REQUIRE MEMBER FIRMS TO MAINTAIN AND ENFORCE A SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING SUPERVISION OF ITS REGISTERED REPRESENTATIVES.</p>
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	07/11/2007
<b>Docket/Case Number:</b>	2005003437101
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief</b>	

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 07/11/2007**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure  
Monetary/Fine \$375,000.00**Other Sanctions Ordered:** UNDERTAKINGS**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, FINED \$375,000 AND REQUIRED TO COOPERATE FULLY WITH NASD IN ANY AND ALL INVESTIGATIONS, LITIGATION OR OTHER PROCEEDING THAT CONCERN, RELATE OR ARISE FROM THE MATTERS DESCRIBED IN THIS AWC.**Disclosure 9 of 27****Reporting Source:** Regulator**Current Status:** Final**Allegations:** MSRB RULES G-14, G-27 - SECURITIES AMERICA, INC. FAILED TO REPORT TO THE MSRB THE CORRECT PRICE FOR TRANSACTIONS; AND FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES THAT SPECIFIED THAT ALL MUNICIPAL SECURITIES TRANSACTIONS WOULD BE APPROVED, EVIDENCED BY HIS/HER INITIALS OR SIGNATURE ON ALL APPROPRIATE DOCUMENTS.**Initiated By:** NASD**Date Initiated:** 04/25/2006**Docket/Case Number:** 20050020101-01**Principal Product Type:** No Product**Other Product Type(s):**



**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 04/25/2006

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE WELLS NOTICE ALLEGES THAT SAI'S SUPERVISORY SYSTEM FAILED TO REASONABLY PROVIDE FOR SUPERVISION WITH RESPECT TO MSRB FAIR PRICING RULES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 09/01/2005

**Docket/Case Number:** 20050020101-01

**Principal Product Type:** Debt - Municipal

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** SAI RECEIVED A WELLS NOTICE REGARDING POLICIES AND PROCEDURES WITH RESPECT TO FIXED INCOME TRADING.

**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 04/21/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** SAI RECEIVED INFORMATION FROM THE NASD FINANCE DEPARTMENT ON OR ABOUT MAY 8, 2006. PAYMENT OF THE \$10,000 FINE WILL BE MADE PROMPTLY.

**Summary:** THE NASD EXAMINATION RELATES TO A LIMITED NUMBER OF BOND CROSS TRANSACTIONS. THE TRANSACTIONS HAVE ALL BEEN CORRECTED TO REFLECT REDUCED PRINCIPAL MARK UPS. TO RESOLVE THE MATTER FINALLY AND WITHOUT FURTHER COST OR DELAY, SAI AGREED TO AN AWC IN WHICH IT AGREED TO A FINE AND CENSURE.

#### Disclosure 10 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2210(C)(1), 2210(D)(1), 2510, 3010(A) AND (B): RESPONDENT MEMBER FIRM ALLOWED THE REPRESENTATIVE TO OPERATE WITHOUT ADEQUATE SUPERVISION, WHEN THEY KNEW, OR SHOULD HAVE KNOWN, THAT THE REPRESENTATIVE WAS MAKING MISLEADING AND UNWARRANTED WRITTEN AND ORAL REPRESENTATIONS THAT CUSTOMERS COULD ESTABLISH MONTHLY WITHDRAWAL PROGRAMS BASED ON HIGH RATES OF RETURN, AND WAS ENCOURAGING CUSTOMERS TO RETIRE EARLY FROM THEIR JOBS ON THE EXPECTATION OF HIGH RATES OF RETURN WITHOUT ADEQUATE DISCLOSURE OF THE RISKS ASSOCIATED WITH SEEKING SUCH RETURNS. THE REPRESENTATIVE ALSO PREPARED AND DISTRIBUTED HIS OWN FORM OF CUSTOMER STATEMENTS ANNOTATED WITH MISLEADING NOTATIONS. THE FIRM OBJECTED TO THE FORM OF STATEMENTS, BUT ALLOWED THE REPRESENTATIVE TO USE THEM FOR A PERIOD OF TIME AFTER HE AGREED TO INDEMNIFY THE FIRM. THE FIRM FAILED TO APPROVE PROMPTLY IN WRITING EACH DISCRETIONARY ORDER ENTERED AND TO REVIEW ALL DISCRETIONARY ACCOUNTS IN ORDER TO DETECT AND PREVENT TRANSACTIONS WHICH WERE EXCESSIVE IN SIZE OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND CHARACTER OF THE ACCOUNT. THE FIRM FAILED TO FILE WITH NASD ADVERTISING CERTAIN OF ITS REPRESENTATIVES ADVERTISING AND SALES LITERATURE THAT CONTAINED COMMUNICATIONS RELATING TO INVESTMENT COMPANIES, WHICH WERE NOT FAIR AND BALANCED AND OMITTED MATERIAL FACTS. THE FIRM SUPERVISORY PROCEDURES WITH RESPECT TO ITS REGISTERED



REPRESENTATIVES WERE NOT ADEQUATELY ENFORCED AT ALL TIMES.

**Initiated By:** NASD

**Date Initiated:** 09/14/2006

**Docket/Case Number:** 20050002260

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/14/2006

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,500,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKINGS: WITHIN 60 DAYS OF AWC ACCEPTANCE, THE FIRM SHALL HIRE A CONSULTANT WHO WILL CONDUCT A COMPREHENSIVE REVIEW OF THE FIRM'S SEMINAR PRESENTATIONS, ADVERTISING, AND SYSTEMS AND PROCEDURES RELATING TO RETIREMENT PLANNING AND INVESTMENT RECOMMENDATIONS FOR RETIREES. AT THE CONCLUSION OF THE REVIEW, NO MORE THAN 120 DAYS AFTER THE DATE OF APPROVAL OF THE INDEPENDENT CONSULTANT, REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD STAFF A WRITTEN REPORT. WITHIN 30 DAYS AFTER DELIVERY OF THE WRITTEN REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATIONS IN UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE THE ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$2,500,000, AND ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE



AMOUNT OF \$11,636,100.27 PLUS INTEREST OF \$2,189,101.14.  
 SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION AMOUNT  
 SHALL BE PROVIDED TO THE NASD STAFF NO LATER THAN TEN BUSINESS  
 DAYS AFTER ACCEPTANCE OF THIS AWC. IF FOR ANY REASON THE FIRM  
 CANNOT LOCATE CUSTOMERS AFTER REASONABLE AND DOCUMENTED  
 EFFORTS WITH SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO  
 BY THE STAFF, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED  
 RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT,  
 UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE  
 STATE IN WHICH THE CUSTOMER IS LAST KNOWN TO HAVE RESIDED.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2210(C)(1), 2210(D)(1), 2510, 3010(A) AND (B):  
 RESPONDENT MEMBER FIRM ALLOWED THE REPRESENTATIVE TO  
 OPERATE WITHOUT ADEQUATE SUPERVISION, WHEN THEY KNEW, OR  
 SHOULD HAVE KNOWN, THAT THE REPRESENTATIVE WAS MAKING  
 MISLEADING AND UNWARRANTED WRITTEN AND ORAL  
 REPRESENTATIONS THAT CUSTOMERS COULD ESTABLISH MONTHLY  
 WITHDRAWAL PROGRAMS BASED ON HIGH RATES OF RETURN, AND WAS  
 ENCOURAGING CUSTOMERS TO RETIRE EARLY FROM THEIR JOBS ON  
 THE EXPECTATION OF HIGH RATES OF RETURN WITHOUT ADEQUATE  
 DISCLOSURE OF THE RISKS ASSOCIATED WITH SEEKING SUCH RETURNS.  
 THE REPRESENTATIVE ALSO PREPARED AND DISTRIBUTED HIS OWN  
 FORM OF CUSTOMER STATEMENTS ANNOTATED WITH MISLEADING  
 NOTATIONS. THE FIRM OBJECTED TO THE FORM OF STATEMENTS, BUT  
 ALLOWED THE REPRESENTATIVE TO USE THEM FOR A PERIOD OF TIME  
 AFTER HE AGREED TO INDEMNIFY THE FIRM. THE FIRM FAILED TO  
 APPROVE PROMPTLY IN WRITING EACH DISCRETIONARY ORDER  
 ENTERED AND TO REVIEW ALL DISCRETIONARY ACCOUNTS IN ORDER TO  
 DETECT AND PREVENT TRANSACTIONS WHICH WERE EXCESSIVE IN SIZE  
 OR FREQUENCY IN VIEW OF THE FINANCIAL RESOURCES AND  
 CHARACTER OF THE ACCOUNT. THE FIRM FAILED TO FILE WITH NASD  
 ADVERTISING CERTAIN OF ITS REPRESENTATIVES ADVERTISING AND  
 SALES LITERATURE THAT CONTAINED COMMUNICATIONS RELATING TO  
 INVESTMENT COMPANIES, WHICH WERE NOT FAIR AND BALANCED AND  
 OMITTED MATERIAL FACTS. THE FIRM SUPERVISORY PROCEDURES WITH  
 RESPECT TO ITS REGISTERED REPRESENTATIVES WERE NOT  
 ADEQUATELY ENFORCED AT ALL TIMES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 01/20/2006



**Docket/Case Number:** 2005002260

**Principal Product Type:** Annuity(ies) - Variable

**Other Product Type(s):** MUTUAL FUNDS

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** RESTITUTION AND UNDERTAKINGS

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/14/2006

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,500,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:** UNDERTAKINGS: WITHIN 60 DAYS OF AWC ACCEPTANCE, THE FIRM SHALL HIRE A CONSULTANT WHO WILL CONDUCT A COMPREHENSIVE REVIEW OF THE FIRM'S SEMINAR PRESENTATIONS, ADVERTISING, AND SYSTEMS AND PROCEDURES RELATING TO RETIREMENT PLANNING AND INVESTMENT RECOMMENDATIONS FOR RETIREES. AT THE CONCLUSION OF THE REVIEW, NO MORE THAN 120 DAYS AFTER THE DATE OF APPROVAL OF THE INDEPENDENT CONSULTANT, REQUIRE THE CONSULTANT TO SUBMIT TO THE FIRM AND NASD STAFF A WRITTEN REPORT. WITHIN 30 DAYS AFTER DELIVERY OF THE WRITTEN REPORT, THE FIRM SHALL ADOPT AND IMPLEMENT THE RECOMMENDATIONS OF THE CONSULTANT OR, IF IT DETERMINES THAT A RECOMMENDATIONS IN UNDULY BURDENSOME OR IMPRACTICAL, PROPOSE THE ALTERNATIVE PROCEDURE TO THE CONSULTANT DESIGNED TO ACHIEVE THE SAME OBJECTIVE.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FIDNINGS; THEREFORE, FIRM IS CENSURED AND FINED \$2,500,000, AND ORDERED TO PAY RESTITUTION TO THE CUSTOMERS IN THE AMOUNT OF \$11,636,100.27 PLUS INTEREST OF \$2,189,101.14. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION AMOUNT SHALL BE PROVIDED TO THE NASD STAFF NO LATER THAN TEN BUSINESS DAYS AFTER ACCEPTANCE OF THIS AWC. IF FOR ANY REASON THE FIRM CANNOT LOCATE CUSTOMERS AFTER REASONABLE AND DOCUMENTED EFFORTS WITH SUCH PERIOD, OR SUCH ADDITIONAL PERIOD AGREED TO BY THE STAFF, THE FIRM SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY, OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER IS LAST KNOW TO HAVE RESIDED.



### Disclosure 11 of 27

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN A LETTER OF ACCEPTANCE, WAIVER AND CONSENT SAI STIPULATED THAT IS FAILED TO COMPLY WITH THE BRANCH AND REPRESENTATIVE REGISTRATION PROVISIONS OF NAC 90.3945, NAC 90.355, AND NRS 90.310.
<b>Initiated By:</b>	STATE OF NEVADA SECRETARY OF STATE
<b>Date Initiated:</b>	12/13/2005
<b>Docket/Case Number:</b>	105-231-DB
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/13/2005
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	SAI PAID \$10,000.00 ON 12/09/2005.
<b>Summary:</b>	PER CRD DISCLOSURE REVIEW ITEM 11 IS BEING UPDATED TO REFLECT THAT ANSWER CHOICE D2 HAS BEEN ELECTED INSTEAD OF ITEM D4.

### Disclosure 12 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	OPERATING TWO BRANCH OFFICES WITHOUT THE BENEFIT OF REGISTRATION IN FLORIDA.
<b>Initiated By:</b>	FLORIDA
<b>Date Initiated:</b>	08/11/2005
<b>Docket/Case Number:</b>	0219-S-7/05



**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Cease and Desist  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 08/11/2005  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Monetary/Fine \$20,000.00  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:** NA  
**Sanction Details:** NA  
**Summary:** OPERATING TWO BRANCH OFFICES WITHOUT THE BENEFIT OF REGISTRATION IN FLORIDA.

---

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** APPLICANT OPERATED TWO BRANCH LOCATIONS IN FLORIDA WITHOUT THE BENEFIT OF REGISTRATION, AS REQUIRED BY CHAPTER 517, FLORIDA STATUTES.  
**Initiated By:** STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION  
**Date Initiated:** 08/11/2005  
**Docket/Case Number:** 0219-S-7/05  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



**Other Sanction(s)/Relief Sought:** CEASE AND DESIST

**Resolution:** Stipulation and Consent

**Resolution Date:** 08/11/2005

**Sanctions Ordered:** Monetary/Fine \$20,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** APPLICANT AGREED TO CEASE AND DESIST FROM ANY AND ALL VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES.

### Disclosure 13 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2830(K) AND 2110; SECURITIES AMERICA INC., MAINTAINED A REVENUE SHARING (SHELF SPACE) PROGRAM IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE AND HIGHLIGHTED TREATMENT ON FIRM'S RECOMMENDED LIST AND ITS WEBSITE, IN CONFERENCES, AND IN TRAINING EVENTS. PARTICIPATED FUND COMPLEXES PAID THEIR FEES, IN PART, BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM. BY RECEIVING BROKERAGE COMMISSIONS TO PAY FOR THE FUND COMPLEXES' PARTICIPATION IN THE PROGRAM, THE FIRM VIOLATED NASD CONDUCT RULES.

**Initiated By:** NASD

**Date Initiated:** 06/08/2005

**Docket/Case Number:** CE4050008

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 06/08/2005



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

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,400,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SECURITIES AMERICA, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$2,400,000.00

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2830(K) AND 2110; SECURITIES AMERICA INC., MAINTAINED A REVENUE SHARING (SHELF SPACE) PROGRAM IN WHICH PARTICIPATING MUTUAL FUND COMPLEXES PAID A FEE IN RETURN FOR PREFERENTIAL TREATMENT, WHICH INCLUDED ENHANCED ACCESS TO THE FIRM'S SALES FORCE AND HIGHLIGHTED TREATMENT ON FIRM'S RECOMMENDED LIST AND ITS WEBSITE, IN CONFERENCES, AND IN TRAINING EVENTS. PARTICIPATING FUND COMPLEXES PAID THEIR FEES, IN PART, BY DIRECTING BROKERAGE COMMISSIONS TO THE FIRM. BY RECEIVING BROKERAGE COMMISSIONS TO PAY FOR THE FUND COMPLEXES' PARTICIPATION IN THE PROGRAM, THE FIRM VIOLATED NASD CONDUCT RULES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS

**Date Initiated:** 06/08/2005

**Docket/Case Number:** CE4050008

**Principal Product Type:** Mutual Fund(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 06/08/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$2,400,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS SECURITIES AMERICA, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED \$2,400,000.00

#### Disclosure 14 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FAILURE TO SUPERVISE BOUTROS MANSOUR WHO VIOLATED FIRM POLICIES REGARDING HIS SALE OF NON-EXISTENT ARBITRAGE AND HEDGE INVESTMENTS.

**Initiated By:** STATE OF CONNECTICUT DEPT. OF BANKING

**Date Initiated:** 10/30/2000

**Docket/Case Number:** CO-00-6055-S

**Principal Product Type:** Other

**Other Product Type(s):** ALLEGEDLY BOGUS ARBITRAGE AND HEDGE INVESTMENT OPPORTUNITIES OFFERED AND SOLD BY EX-AGENT BOUTROS MANSOUR (CRD 2426615). THIS IS A FAILURE TO SUPERVISE MATTER.

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 10/30/2000

**Sanctions Ordered:** Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

1. \$5,000 COSTS OF INVESTIGATION
2. \$2,500 TO BE ALLOCATED TO DIVISION ENFORCEMENT AND INVESTOR EDUCATION PROGRAMS.
3. FIRM REQUIRED TO CONDUCT EXAMINATIONS OF ALL CONNECTICUT BRANCH OFFICES BY 6/30/2001.



4. FIRM, WITH THE ASSISTANCE OF COUNSEL TO SUBMIT A WRITTEN REPORT TO THE DEPARTMENT OUTLINING MODIFICATIONS TO SUPERVISORY PROCEDURES AND A TIMETABLE FOR IMPLEMENTING THOSE MODIFICATIONS.

**Sanction Details:** SEE ABOVE. CONSENT ORDER ENTERED 10/30/2000.

**Summary:** SEE ABOVE.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED FAILURE TO SUPERVISE AND ALLEGED FAILURE TO TIMELY NOTIFY THE DEPARTMENT OF THE RECEIPT OF A CUSTOMER COMPLAINT.

**Initiated By:** STATE OF CONNECTICUT DEPARTMENT OF BANKING

**Date Initiated:** 09/26/2000

**Docket/Case Number:** CO-00-6055-S

**Principal Product Type:** Other

**Other Product Type(s):** UNREGISTERED PROMISSORY NOTES

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

**Resolution:** Settled

**Resolution Date:** 10/30/2000

**Sanctions Ordered:** Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** THE REIMBURSEMENT OF \$5,000.00 TO COVER THE DIVISIONS INVESTIGATION COSTS AND \$2500.00 ALLOCATION TO THE DIVISION'S ENFORCEMENTS ACTIVITIES AND INVESTOR EDUCATION PROGRAMS. THE REQUIREMENT TO CONDUCT EXAMINATIONS OF ALL CONNECTICUT BRANCH OFFICES BY JUNE 30, 2001 AND WITHIN 6 MONTHS OF THE DATE OF THE ORDER THE SUBMISSION OF A WRITTEN REPORT TO THE DIVISION DIRECTOR OUTLINING THE ACTUAL AND ANTICIPATED CHANGES TO SAI'S SUPERVISORY SYSTEM.

**Sanction Details:** SANCTIONS PAID WITH THE ACCEPTANCE OF THE ORDER 10/30/2000.



**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** ALLEGING VIOLATIONS OF NASD RULES 2110 AND 3010  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
**Date Initiated:** 02/27/1998  
**Docket/Case Number:** C3B980004  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Decision & Order of Offer of Settlement  
**Resolution Date:** 09/11/1998  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** RESPONDENT MEMBER IS CENSURED AND FINED \$10,000  
**Summary:** [TOP] COMPLAINT NO. C3B980004 FILED 2/27/98 BY DISTRICT NO. 3 AGAINST RESPONDENTS SECURITIES AMERICA, INC, ET AL, ALLEGING VIOLATIONS OF NASD RULES 2110 AND 3010 IN THAT RESPONDENT HARVILLA FAILED TO TAKE TIMELY OR ADEQUATE SUPERVISORY ACTION, UNDER THE ATTENDANT CIRCUMSTANCES KNOWN TO HIM, THAT WERE REASONABLY DESIGNED TO ENSURE EITHER THAT REGISTERED PERSONS UNDER HIS SUPERVISION AND CONTROL COMPLIED WITH THE REQUIREMENTS OF NASD CONDUCT RULE 3040, OR TO ENSURE THAT THE REGISTERED PERSONS CEASED TO BE CONNECTED WITH THE UNSUPERVISED SALES OF UNAPPROVED PROMISSORY NOTES AWAY FROM THE MEMBER FIRM; AND, RESPONDENT MEMBER FAILED TO ESTABLISH ADEQUATE WRITTEN PROCEDURES OR UNWRITTEN PROCEDURES TO ENSURE THE REASONABLE SUPERVISION OF RESPONDENT HARVILLA TO ENSURE THAT HE WAS REASONABLY PERFORMING HIS SUPERVISORY DUTIES OVER THE ACTIVITIES OF REGISTERED PERSONS IN REGARD TO THEIR COMPLIANCE WITH THE APPLICABLE NASD RULES, AND OF THE REGISTERED PERSONS TO ENSURE THEIR COMPLIANCE WITH THE PROVISIONS OF NASD CONDUCT



RULES 2110 AND 3040.

ON 9/11/98, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER, HARVILLA, AND ZIELINSKI WAS ISSUED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$10,000, RESPONDENT ZIELINSKI IS CENSURED AND FINED \$10,000, AND RESPONDENT HARVILLA IS CENSURED, FINED \$5,000, AND REQUIRED TO REQUALIFY AS A GENERAL PRINCIPAL (SERIES 24) WITHIN 90 DAYS OF THE DATE OF THE DECISION RESOLVING THIS MATTER. SHOULD HE FAIL TO SO REQUALIFY, HE WILL BE PRECLUDED FROM ACTING IN ANY CAPACITY REQUIRING A SERIES 24 LICENSE UNTIL SUCH TIME AS HE SUCCESSFULLY PASSES THE EXAMINATION. - \*\*\$10,000 PAID ON 10/9/98, INVOICE #98-3B-753\*\*

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE DISTRICT ALLEGED VIOLATIONS OF NASD MEMBER CONDUCT RULES 3040 AND 2210 IN FAILING TO ESTABLISH WRITTEN OR UNWRITTEN PROCEDURES DESIGNED TO INSURE THE REASONABLE SUPERVISION OF REPRESENTATIVES.

**Initiated By:** NASD DISTRICT 3

**Date Initiated:** 02/27/1998

**Docket/Case Number:** C3B980004

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 09/11/1998

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$10,000.00 FINE PAID 10/09/1998



### Disclosure 16 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** UNREGISTERED ACTIVITY, FAILURE TO ENFORCE SUPERVISORY PROCEDURES

**Initiated By:** FLORIDA DIVISION OF SECURITIES

**Date Initiated:** 12/27/1999

**Docket/Case Number:** 2850-S-8/99

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Stipulation and Consent

**Resolution Date:** 12/27/1999

**Sanctions Ordered:** Monetary/Fine \$20,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** FOR A PERIOD OF TWO YEARS, THE FIRM SHALL MAINTAIN A RATIO OF ONE PRINCIPAL FOR EACH BRANCH OFFICE IN FLORIDA. RESPONDENT AGREES NOT EXCEED 52 BRANCH OFFICES IN THE STATE OF FLORIDA.

**Sanction Details:** THE FIRM ALSO AGREES NOT TO HIRE ANY BROKERS THAT HAVE A "YES" ANSWER TO QUESTIONS INVOLVING INVESTMENT OR SECURITIES RELATED ACTIVITIES.

**Summary:** NA

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** OPERATING AN UNREGISTERED BRANCH OFIFCE, FAILURE TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE SUPERVISORY PROCEDURES.

**Initiated By:** STATE OF FLORIDA

**Date Initiated:** 12/27/1999



**Docket/Case Number:** 2850-S-8/99  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:** STIPULATION  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 12/27/1999  
**Sanctions Ordered:** Monetary/Fine \$20,000.00  
**Other Sanctions Ordered:** STIPULATION  
**Sanction Details:** THE FIRM AGREED TO 1) FOR A PERIOD OF TWO YEARS TO DESIGNATE ONE PRINCIPAL DOMICILED IN FLORIDA FOR EVERY FLORIDA BRANCH OFFICE, 2) FOR A PERIOD OF ONE YEAR TO LIMIT THE NUMBER OF BRANCH OFFICES IN FLORIDA TO THE CURRENT NUMBER OF 52, 3) TO REQUIRE THAT ALL ASSOCIATED PERSONS SHALL BE LOCATED IN REGISTERED BRANCH OFFICES AND 4) FOR A PERIOD OF ONE YEAR NOT TO REGISTER ANY NEW REPRESENTAITVES IN FLORIDA THAT HAVE REPORTED A SECURITIES RELATED U-4 "YES" ANSWER.

#### Disclosure 17 of 27

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FAILURE TO DETECT SALES BY AN UNREGISTERED SALES PERSON.  
**Initiated By:** HAWAII  
**Date Initiated:** 08/01/1992  
**Docket/Case Number:** SEU-92-011  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE



**Resolution:** Consent  
**Resolution Date:** 05/01/1994  
**Sanctions Ordered:** Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** SECURITIES AMERICA PAID A \$5000.00 FINE AND AGREED TO AN UNDERTAKING TO PREVENT FUTURE VIOLATIONS.

#### Disclosure 18 of 27

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** CONDUCTING INSURANCE RELATED BUSINESS WITHOUT BEING PROPERLY APPOINTED IN VIOLATION OF THE PENNSYLVANIA INSURANCE DEPARTMENT ACT.  
**Initiated By:** COMMONWEALTH OF PENNSYLVANIA  
**Date Initiated:** 07/16/1999  
**Docket/Case Number:** C 099-05-006  
**Principal Product Type:** Insurance  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE  
**Resolution:** Consent  
**Resolution Date:** 07/16/1999  
**Sanctions Ordered:** Monetary/Fine \$7,500.00  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:**  
**Sanction Details:** \$7500.00 FINE PAID 7/99.

#### Disclosure 19 of 27

**Reporting Source:** Regulator  
**Current Status:** Final



**Allegations:** NOT PROVIDED  
**Initiated By:** FLORIDA DIVISION OF SECURITIES  
**Date Initiated:** 05/12/1995  
**Docket/Case Number:** 1970-S-12/93  
**Principal Product Type:** Other  
**Other Product Type(s):** UNKNOWN CRD DATA CONVERSION  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 03/08/1996  
**Sanctions Ordered:** Monetary/Fine  
 Cease and Desist/Injunction  
**Other Sanctions Ordered:**  
**Sanction Details:** \*ON MARCH 8, 1996, THE FLORIDA DEPARTMENT OF BANKING AND FINANCE ENTERED INTO A STIPULATION AND CONSENT AGREEMENT AND FINAL ORDER WITH RESPONDENT SECURITIES AMERICA, INC. THE FINAL ORDER INCORPORATES THE STIPULATION AND CONSENT AGREEMENT IN WHICH THE RESPONDENT AGREES TO: CEASE AND DESIST FROM ANY AND ALL FUTURE VIOLATIONS OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES PROMULGATED THEREUNDER; PAY AN ADMINISTRATIVE FINE OF \$5,000; AND AGREES TO DESIGNATE PRINCIPALS FOR ALL BRANCH OFFICES REGISTERED IN FLORIDA AND TO FILE A COPY OF THE REPORT FROM THE MOST RECENT COMPLIANCE INSPECTION OF ALL OSJ AND NON-OSJ BRANCH OFFICES IN FLORIDA. THE RESPONDENT AGREES TO FINDINGS THAT THEY VIOLATED FLORIDA LAW BY OPERATING AN UNREGISTERED BRANCH OFFICE; FAILED TO MAINTAIN REQUIRED BOOKS AND RECORDS AT BRANCH OFFICES; AND FAILED TO PROVIDE REQUIRED DISCLOSURE FORMS TO CLIENTS.

**Summary:** CONTACT: WILLIAM F. REILLY (904) 488-9805

---

**Reporting Source:** Firm  
**Current Status:** Final



**Allegations:** OPERATION OF AN UNREGISTERED BRANCH OFFICE AND VIOLATIONS OF CHAPTER 517 OF THE FLORIDA ADMINISTRATIVE CODE.

**Initiated By:** THE STATE OF FLORIDA

**Date Initiated:** 05/12/1995

**Docket/Case Number:** 1970-S-12/93

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Stipulation and Consent

**Resolution Date:** 03/08/1996

**Sanctions Ordered:** Monetary/Fine \$5,000.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** A STIPULATION TO DESIGNATE A PRINCIPAL FOR ALL FLORIDA BRANCH OFFICES AND TO PROVIDE THE STATE OF FLORIDA WITH A COPY OF THE MOST RECENT OSJ AND NON-OSJ BRANCH AUDIT REPORTS.

**Sanction Details:** SECURITIES AMERICA PAID A \$5000.00 FINE AND WAS ORDERED TO DISGORGE APPROXIMATELY \$12,000.00 IN COMMISSIONS.

#### Disclosure 20 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110 AND 3010 - RESPONDENT MEMBER FAILED TO ESTABLISH ADEQUATE WRITTEN SUPERVISORY PROCEDURES TO DETECT AND PREVENT THE SORT OF UNSUITABLE TRADING ACTIVITY CONDUCT BY AN INDIVIDUAL IN THE ACCOUNTS OF PUBLIC CUSTOMERS, AND FAILED TO ADEQUATELY SUPERVISE THE INDIVIDUAL IN THAT THE ACTIONS TAKEN BY RESPONDENT MEMBER WERE INSUFFICIENT TO DETECT OR PREVENT THE INDIVIDUAL'S UNSUITABLE TRADING ACTIVITY.

**Initiated By:** NASD

**Date Initiated:** 04/28/1999



**Docket/Case Number:** C07990026  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** CENSURED, FINED \$50,000, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM FOR ONE YEAR TO REVIEW THE FIRM'S COMPLIANCE AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW AND APPROVAL OF NEW ACCOUNTS AND DAILY TRADING ACTIVITY EFFECTED IN THE FIRM.  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/28/1999  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$50,000.00  
**Other Sanctions Ordered:** UNDERTAKING  
**Sanction Details:** CENSURED, FINED \$50,000, AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTING FIRM FOR ONE YEAR TO REVIEW THE FIRM'S COMPLIANCE AND WRITTEN SUPERVISORY PROCEDURES RELATING TO THE REVIEW AND APPROVAL OF NEW ACCOUNTS AND DAILY TRADING ACTIVITY EFFECTED IN THE FIRM.

---

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE DISTRICT ALLEGED VIOLATIONS OF CONDUCT RULES 2210 AND 3010 BY FAILING TO ESTABLISH MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES FOR THE PERIOD OF TIME 12/95-9/96. THE DISTRICT ALSO ALLEGED THAT THE FIRM FAILED TO ADEQUATELY SUPERVISE THE TRADING ACTIVITY OF A REPRESENTATIVE DURING THAT TIME PERIOD.  
**Initiated By:** NASD DISTRICT 7  
**Date Initiated:** 03/29/1999



**Docket/Case Number:** C077990026-AWC  
**Principal Product Type:** Equity Listed (Common & Preferred Stock)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 04/21/1999  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$50,000.00  
**Other Sanctions Ordered:** SECURITIES AMERICA ALSO AGREED TO RETAIN THE SERVICES OF AN INDEPENDENT CONSULTING FIRM TO REVIEW THE FIRM'S COMPLIANCE AND SUPERVISORY PROCEDURES  
**Sanction Details:** \$50,000.00 FINE PAID 5/99.

#### Disclosure 21 of 27

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** LACK OF SUPERVISION  
**Initiated By:** COLORADO DIVISION OF SECURITIES  
**Date Initiated:** 02/23/1998  
**Docket/Case Number:** XY 97-02  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 02/23/1998  
**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:****Sanction Details:**

STIPULATION THAT SECURITIES AMERICA, INC. WOULD ESTABLISH AND MAINTAIN SPECIAL COMPLIANCE AND SUPERVISORY PROCEDURES FOR COLORADO EMPLOYEES. HIRE A COMPLIANCE PRINCIPAL FOR COLORADO. SECURITIES AMERICA, INC. MUST PAY RESTITUTION OF \$500,000 TO VICTIMS.

**Summary:**

CONTACT: L. WILLIAMS 303-894-2320

---

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

VIOLATIONS OF THE COLORADO SECURITIES ACT, FAILURE TO SUPERVISE, MAKING UNTRUE STATEMENTS OF A MATERIAL FACT, ENGAGING IN A COURSE OF BUSINESS WHICH OPERATED A FRAUD ON INVESTORS, ALLEGED DAMAGES \$950,000.00

**Initiated By:**

STATE OF COLORADO

**Date Initiated:**

06/05/1997

**Docket/Case Number:**

XY87-02

**Principal Product Type:**

Options

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:**

CIVIL AND ADMINSTRATIVE

**Resolution:**

Settled

**Resolution Date:**

07/23/2001

**Sanctions Ordered:**

Disgorgement/Restitution

**Other Sanctions Ordered:**

THE SETTLEMENT WITH THE STATE OF COLORADO DID NOT CONTAIN ANY FINDING OF RULE VIOLATIONS HOWEVER, SECURITIES AMERICA WAS REQUIRED TO HIRE AND TRAIN A REGISTERED PRINCIPAL RESIDING IN COLORADO THAT WOULD BE RESPONSIBLE FOR THE SUPERVISION OF ALL COLORADO OFFICES. SAI ALSO WAS REQUIRED TO PAY RESTITUTION IN THE AMOUNT OF \$634,463.00.

**Sanction Details:**

FINAL RESTITUTION PAYMENT MADE 7/23/2001.

**Summary:**

THE SETTLEMENT WITH THE STATE DID NOT CONTAIN A FINDING OF RULE



VIOLATIONS HOWEVER IT DID CONTAIN A RESTRICTION REQUIRING SECURITIES AMERICA TO ESTABLISH AND MAINTAIN A SUPERVISORY BRANCH OFFICE IN COLORADO THAT WOULD BE RESPONSIBLE FOR THE DAY TO DAY SUPERVISION OF ALL REPRESENTATIVES IN COLORADO.

#### Disclosure 22 of 27

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	VIOLATIONS;NASD RULES 2110 AND 3010
<b>Initiated By:</b>	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
<b>Date Initiated:</b>	12/01/1998
<b>Docket/Case Number:</b>	C3B980023
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	12/01/1998
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT ("IC") NOT UNACCEPTABLE TO NASDR AND PAY ALL REASONABLE FEES AND EXPENSES OF THE IC; 2) THE IC SHALL COMPLETE A REVIEW AND NEEDS ASSESSMENT OF THE FIRM'S CURRENT SUPERVISORY SYSTEM. THIS SHOULD INCLUDE A COMPARISON BETWEEN THE PRESENT SYSTEM AND THE SYSTEM IN EXISTENCE DURING THE TIME FRAME OF THE UNDERLYING VIOLATIONS. THE ASSESSMENT SHOULD INCLUDE, BUT NOT BE LIMITED TO, THE ADEQUACY OF THE FIRM'S PRESENT WRITTEN SUPERVISORY PROCEDURES ("WSP") AND THE WSP'S CAPABILITIES TO ADDRESS THE SUPERVISORY ISSUES UNDERLYING SUPERVISION OF REGISTERED PERSONS IN BRANCH OFFICES SOME OF WHICH ARE: A) THE SUPERVISORY HIERARCHY AND THE RESPONSIBILITY ASSIGNED TO EACH POSITION; B) THE REVIEW OF THE WSP'S SHALL SPECIFICALLY ADDRESS THE ADEQUACY OF PROCEDURES FOR PERIODIC ACCOUNT REVIEW, BRANCH OFFICE INSPECTIONS AND ANNUAL BUSINESS LINE



REVIEWS AND THE SPECIFIC INDIVIDUALS RESPONSIBLE FOR SUCH REVIEWS; AND C) THE IC SHALL REVIEW THE QUALIFICATIONS, EXPERIENCE AND TRAINING OF THE PERSONNEL RESPONSIBLE FOR SUPERVISION (INCLUDING BRANCH MANAGERS) AND SHALL INCLUDE IN HIS/HER REPORT A DETERMINATION AS TO WHETHER THE RESOURCES, RESPONSIBILITIES AND AUTHORITY ALLOCATED TO THE INDIVIDUALS IN THE SUPERVISORY SYSTEM ARE REASONABLE.

**Sanction Details:**

05-07-99, \$10,000 PAID ON 1/6/99, INVOICE #98-3B-968

**Summary:**

[TOP] ON 12/01/1998, DISTRICT NO. 3 NOTIFIED SECURITIES AMERICA, INC. (THE FIRM) THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C3B980023 WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000, AND REQUIRED TO MAKE VARIOUS UNDERTAKINGS INCLUDING: 1) THE FIRM SHALL RETAIN AN INDEPENDENT CONSULTANT ("IC") NOT UNACCEPTABLE TO NASDR AND PAY ALL REASONABLE FEES AND EXPENSES OF THE IC; 2) THE IC SHALL COMPLETE A REVIEW AND NEEDS ASSESSMENT OF THE FIRM'S CURRENT SUPERVISORY SYSTEM. THIS SHOULD INCLUDE A COMPARISON BETWEEN THE PRESENT SYSTEM AND THE SYSTEM IN EXISTENCE DURING THE TIME FRAME OF THE UNDERLYING VIOLATIONS. THE ASSESSMENT SHOULD INCLUDE, BUT NOT BE LIMITED TO, THE ADEQUACY OF THE FIRM'S PRESENT WRITTEN SUPERVISORY PROCEDURES ("WSP") AND THE WSP'S CAPABILITIES TO ADDRESS THE SUPERVISORY ISSUES UNDERLYING SUPERVISION OF REGISTERED PERSONS IN BRANCH OFFICES SOME OF WHICH ARE: A) THE SUPERVISORY HIERARCHY AND THE RESPONSIBILITY ASSIGNED TO EACH POSITION; B) THE REVIEW OF THE WSP'S SHALL SPECIFICALLY ADDRESS THE ADEQUACY OF PROCEDURES FOR PERIODIC ACCOUNT REVIEW, BRANCH OFFICE INSPECTIONS AND ANNUAL BUSINESS LINE REVIEWS AND THE SPECIFIC INDIVIDUALS RESPONSIBLE FOR SUCH REVIEWS; AND C) THE IC SHALL REVIEW THE QUALIFICATIONS, EXPERIENCE AND TRAINING OF THE PERSONNEL RESPONSIBLE FOR SUPERVISION (INCLUDING BRANCH MANAGERS) AND SHALL INCLUDE IN HIS/HER REPORT A DETERMINATION AS TO WHETHER THE RESOURCES, RESPONSIBILITIES AND AUTHORITY ALLOCATED TO THE INDIVIDUALS IN THE SUPERVISORY SYSTEM ARE REASONABLE. - (NASD RULES 2110 AND 3010 - THE FIRM FAILED TO SUPERVISE THE ACTIVITIES OF MICHAEL ENG KING AND TO ESTABLISH, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES TO ENSURE MICHAEL ENG KING REFRAINED FROM ENGAGING IN UNSUITABLE RECOMMENDATIONS OF DISCRETIONARY PURCHASES AND SALES IN THE SECURITIES ACCOUNT OF A PUBLIC CUSTOMER). 05-07-99, \$10,000 PAID ON 1/6/99, INVOICE # 98-3B-968

**Reporting Source:**

Firm



**Current Status:** Final

**Allegations:** THE DISTRICT ALLEGED VIOLATION OF MEMBER CONDUCT RULES 3040 AND 2210 IN FAILING TO ESTABLISH WRITTEN PROCEDURES DESIGNED TO INSURE THE REASONABLE SUPERVISION OF REPRESENTATIVES.

**Initiated By:** NASD DISTRICT 3

**Date Initiated:** 12/01/1998

**Docket/Case Number:** C3B980023

**Principal Product Type:** Equity Listed (Common & Preferred Stock)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/01/1998

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** SECURITIES AMERICA AGREED TO RETAIN THE SERVICES OF AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW THE FIRM'S SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES.

**Sanction Details:** \$10,000.00 FINE PAID 12/98.

#### Disclosure 23 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 27, 35(B)(1), 35(D)(1)(A),(B),(C) AND 36(B)(1) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT TUMMINO DISTRIBUTED TO CUSTOMERS AND TO THE PUBLIC A SALES BROCHURE THAT FAILED TO DISCLOSE MATERIAL FACTS, MADE EXAGGERATED, UNWARRANTED OR MISLEADING STATEMENTS OR CLAIMS, AND MADE PROMISES OF SPECIFIC RESULTS AND FORECASTS OF FUTURE EVENTS; DISTRIBUTED THE AFOREMENTIONED MATERIAL WHEN IT WAS NOT APPROVED BY A REGISTERED PRINCIPAL OF HIS MEMBER FIRM AND RESPONDENT ZIELINSKI PERMITTED RESPONDENT TUMMINO TO



DISTRIBUTE THIS SALES LITERATURE WHICH HE HAD NOT REVIEWED AND FOR WHICH HE WAS NOT GIVEN WRITTEN APPROVAL; AND, RESPONDENTS MEMBER AND ZIELINSKI FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES OR OTHERWISE FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES OF THE FIRM TO ENSURE COMPLIANCE WITH APPLICABLE NASD RULES.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 07/15/1992

**Docket/Case Number:** C3B920025

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 06/26/1993

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** DECISION RENDERED 5/6/93 WHEREIN RESPONDENTS MEMBER AND ZIELINSKI HAVE SUBMITTED OFFERS OF SETTLEMENT, THEREFORE, A SEPARATE DECISION WILL BE RENDERED AS TO THESE RESPONDENTS. IF NO FURTHER ACTION, DECISION IS FINAL 6/21/93. DECISION RENDERED 6/28/93, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND ZIELINSKI WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000 AND ZIELINSKI IS CENSURED AND FINED \$5,000. 4/8/94 - THE LATE APPEAL REQUEST TO THE NBCC WAS NEVER FOLLOWED UP BY THE RESPONDENT; THEREFORE, THE 5/6/93 DBCC DECISION CONSTITUTES FINAL ACTION EFFECTIVE 6/21/93.

**Summary:** [TOP] COMPLAINT NO. C3B920025 (DISTRICT NO. 3) FILED 7/15/92 AGAINST RESPONDENTS SECURITIES AMERICA, INC., THOMAS GERARD ZIELINSKI, AND CHARLES FELIX TUMMINO ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 27, 35(B)(1), 35(D)(1)(A),(B),(C) AND 36(B)(1) OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT TUMMINO DISTRIBUTED TO CUSTOMERS AND TO THE PUBLIC A SALES BROCHURE THAT FAILED TO DISCLOSE MATERIAL FACTS, MADE EXAGGERATED, UNWARRANTED OR



MISLEADING STATEMENTS OR CLAIMS, AND MADE PROMISES OF SPECIFIC RESULTS AND FORECASTS OF FUTURE EVENTS; DISTRIBUTED THE AFOREMENTIONED MATERIAL WHEN IT WAS NOT APPROVED BY A REGISTERED PRINCIPAL OF HIS MEMBER FIRM AND RESPONDENT ZIELINSKI PERMITTED RESPONDENT TUMMINO TO DISTRIBUTE THIS SALES LITERATURE WHICH HE HAD NOT REVIEWED AND FOR WHICH HE WAS NOT GIVEN WRITTEN APPROVAL; AND, RESPONDENTS MEMBER AND ZIELINSKI FAILED TO ESTABLISH, MAINTAIN AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES OR OTHERWISE FAILED TO ADEQUATELY SUPERVISE THE ACTIVITIES OF REGISTERED REPRESENTATIVES OF THE FIRM TO ENSURE COMPLIANCE WITH APPLICABLE NASD RULES. DECISION RENDERED 5/6/93 WHEREIN RESPONDENTS MEMBER AND ZIELINSKI HAVE SUBMITTED OFFERS OF SETTLEMENT, THEREFORE, A SEPARATE DECISION WILL BE RENDERED AS TO THESE RESPONDENTS. IF NO FURTHER ACTION, DECISION IS FINAL 6/21/93. DECISION RENDERED 6/28/93, WHEREIN THE OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER AND ZIELINSKI WAS ACCEPTED; THEREFORE, THE FIRM IS CENSURED AND FINED \$10,000 AND ZIELINSKI IS CENSURED AND FINED \$5,000. 4/8/94 - THE LATE APPEAL REQUEST TO THE NBCC WAS NEVER FOLLOWED UP BY THE RESPONDENT; THEREFORE, THE 5/6/93 DBCC DECISION CONSTITUTES FINAL ACTION EFFECTIVE 6/21/93. \*\*\*\$10,000.00 PAID ON 7/13/92 INVOICE #93-3B-524\*\*\*

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE NASD ALLEGED THAT SECURITIES AMERICA ALLOWED THE DISTRIBUTION OF SALES LITERATURE WITHOUT THE REVIEW AND APPROVAL OF A REGISTERED PRINCIPAL AND THAT THE FIRM FAILED TO ESTABLISH AND ENFORCE ADEQUATE WRITTEN SUPERVISORY PROCEDURES.

**Initiated By:** NASD DISTRICT 3

**Date Initiated:** 07/15/1992

**Docket/Case Number:** C3B920025

**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other



**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Consent

**Resolution Date:** 06/26/1993

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** \$10,000.00 FINE PAID 07/13/1993

#### Disclosure 24 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** FAILED TO COMPLY WITH COMMISSION'S SECURITIES ACT RULE 300 A&B, AS FIRM FAILED TO NOTIFY COMMISSION THAT TWO AGENT'S HAD ENTERED INTO SETTLEMENT ORDER WITH THE STATE OF HAWAII.

**Initiated By:** VIRGINIA - STATE CORPORATION COMMISSION  
DIVISION OF SECURITIES

**Date Initiated:** 02/01/1994

**Docket/Case Number:** SEC940009

**Principal Product Type:**

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 02/01/1994

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING ALLEGATIONS FIRM AGREED TO ORDER OF SETTLEMENT AND TO PAY MONETARY PENALTY OF \$1,000.



**Summary:** CONTACT AL HUGHES, BROKER-DEALER EXAMINER,  
804-371-9885.

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED FAILURE TO INFORM THE STATE OF A FINAL ORDER ENTERED  
AGAINST AN AGENT WITHIN 30 DAYS.

**Initiated By:** VIRGINIA

**Date Initiated:** 12/01/1994

**Docket/Case Number:** SEC 94009

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief  
Sought:** Other

**Other Sanction(s)/Relief  
Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Consent

**Resolution Date:** 02/01/1994

**Sanctions Ordered:** Monetary/Fine \$1,000.00

**Other Sanctions Ordered:**

**Sanction Details:** SECURITIES AMERICA PAID A \$1000.00 FINE AND REPAID \$200.00 IN  
COSTS.

**Summary:** DURING A ROUTINE BRANCH OFFICE EXAMINATION A STATE AUDITOR  
DISCOVERED THAT A REPRESENTATIVE AND THE BRANCH MANAGER HAD  
FAILED TO UPDATE THEIR RESPECTIVE U-4 FORMS TO REFLECT THEIR  
INDIVIDUAL SETTLEMENTS WITH THE STATE OF HAWAII.

#### Disclosure 25 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** MISREPRESENTATIONS OF MATERIAL FACTS//CENSURE  
AND CIVIL PENALTY OF \$2,500 PAR



**Initiated By:** CORP AND SECURITIES--MICHIGAN  
**Date Initiated:** 11/10/1992  
**Docket/Case Number:** SO 0127  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Decision  
**Resolution Date:** 11/10/1992  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$2,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** CENSURE AND FINE  
**Summary:** SEE ABOVE CONTACT: PAULETTA ROSENAU 517-334-6209

---

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE STATE ALLEGED THAT SECURITIES AMERICA MADE UNTRUE STATEMENTS OF MATERIAL FACTS IN THE DISTRIBUTION OF SHENANDOAH NATURAL RESOURCES.  
**Initiated By:** MICHIGAN  
**Date Initiated:** 04/03/1991  
**Docket/Case Number:** SO 0127  
**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ADMINISTRATIVE  
**Resolution:** Consent



**Resolution Date:** 11/10/1992  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$2,500.00  
**Other Sanctions Ordered:**  
**Sanction Details:** \$2500.00 FINE PAID 11/92

#### Disclosure 26 of 27

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** SALE OF UNREGISTERED SECURITIES  
**Initiated By:** DEPT. OF INSURANCE AND FINANCE; SECURITIES SECTION  
**Date Initiated:** 11/20/1992  
**Docket/Case Number:** O-92-0020  
**Principal Product Type:**  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 11/20/1992  
**Sanctions Ordered:**  
**Other Sanctions Ordered:**  
**Sanction Details:** CONSENT ORDERES SIGNED BY BOTH RESPONDENTS  
**Summary:** SALE OF "AMERICAN PREMIUM FINANCE CASH FLOW FUND" PRIOR TO EFFECTIVE DATE OF REGISTRATION IN OREGON.

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE STATE ALLEGED THAT SECURITIES AMERICA, THROUGH A



REPRESENTATIVE OFFERED PARTICIPATION INTERESTS IN A LIMITED PARTNERSHIP TO CLIENTS PRIOR TO THE PROGRAM'S EFFECTIVE DATE OF REGISTRATION IN OREGON.

**Initiated By:** OREGON

**Date Initiated:** 11/20/1992

**Docket/Case Number:** 0-92-0020

**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE

**Resolution:** Consent

**Resolution Date:** 11/20/1992

**Sanctions Ordered:** Monetary/Fine \$2,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS FINED \$2,000.00 AND ORDERED TO CEASE AND DESIST OFFERING SECURITIES FOR SALE IN VIOLATION OF OREGON LAW.

**Summary:** SECURITIES AMERICA DENIED THE ALLEGATIONS CLAIMING THAT THE REPRESENTATIVE RELIED UPON THE OFFERING DOCUMENT CLEARLY STATING THAT THE PROGRAM HAD BEEN CLEARED FOR SALE IN OREGON. THE SANCTIONS WERE ACCEPTED AS AN ECONOMIC DECISION.

#### Disclosure 27 of 27

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** VIOLATIONS OF ARTICLE III, SECTIONS 1, 2, 18, 27 AND 40 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT GALE PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS WHILE FAILING TO NOTIFY HER MEMBER FIRM OF HER INTENTION TO ENGAGE IN SUCH ACTIVITIES AND/OR OBTAIN WRITTEN APPROVAL FROM HER MEMBER FIRM TO ENGAGE IN SUCH ACTIVITIES; INDUCED THE PURCHASE OF STOCK BY PUBLIC CUSTOMERS BY MEANS OF DECEPTIVE OR FRAUDULENT DEVICES OR CONTRIVANCES; AND, RECOMMENDED TO PUBLIC CUSTOMERS THE PURCHASE OF SECURITIES WITHOUT HAVING



REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR THE CUSTOMERS; RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS PIERCE AND WILD, FAILED TO ESTABLISH, MAINTAIN, AND/OR ENFORCE WRITTEN SUPERVISORY PROCEDURES OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENTS MEREDITH AND GALE PROPERLY; AND RESPONDENT MEMBER, ACTING THROUGH RESPONDENT MEREDITH, FAILED TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES PROPERLY OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENT GALE PROPERLY.

**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Date Initiated:** 12/31/1992

**Docket/Case Number:** C8A920099

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:**

**Other Sanction(s)/Relief Sought:**

**Resolution:** Consent

**Resolution Date:** 11/03/1993

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** RESPONDENTS MEMBER AND PIERCE ARE EACH CENSURED AND FINED 5,000. THE COMPLAINT WAS DISMISSED AS TO RESPONDENT WILD IN THAT THE COMMITTEE DETERMINED THAT HE WAS NOT DIRECTLY RESPONSIBLE FOR SUPERVISING RESPONDENTS MEREDITH OR GALE, OR THE BOOKS AND RECORDS OF RESPONDENT MEMBER. A SEPARATE DECISION WILL BE ISSUED WITH RESPECT TO RESPONDENTS GAIL AND MEREDITH.

**Summary:** [TOP] COMPLAINT NO. C8A920099 (DISTRICT NO. 8) FILED 12/31/92 AGAINST SECURITIES AMERICA, INC., ET.AL., ALLEGING VIOLATIONS OF ARTICLE III, SECTIONS 1, 2, 18, 27 AND 40 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT GALE PARTICIPATED IN PRIVATE SECURITIES TRANSACTIONS WHILE FAILING TO NOTIFY HER MEMBER FIRM OF HER INTENTION TO ENGAGE IN SUCH ACTIVITIES AND/OR OBTAIN WRITTEN APPROVAL FROM HER MEMBER FIRM TO ENGAGE IN SUCH ACTIVITIES; INDUCED THE PURCHASE OF STOCK BY PUBLIC CUSTOMERS



BY MEANS OF DECEPTIVE OR FRAUDULENT DEVICES OR CONTRIVANCES; AND, RECOMMENDED TO PUBLIC CUSTOMERS THE PURCHASE OF SECURITIES WITHOUT HAVING REASONABLE GROUNDS FOR BELIEVING SUCH RECOMMENDATIONS WERE SUITABLE FOR THE CUSTOMERS; RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS PIERCE AND WILD, FAILED TO ESTABLISH, MAINTAIN, AND/OR ENFORCE WRITTEN SUPERVISORY PROCEDURES OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENTS MEREDITH AND GALE PROPERLY; AND RESPONDENT MEMBER, ACTING THROUGH RESPONDENT MEREDITH, FAILED TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES PROPERLY OR TO OTHERWISE SUPERVISE THE ACTIVITIES OF RESPONDENT GALE PROPERLY. ON 11/3/93, THE DECISION AND ORDER OF ACCEPTANCE OF OFFER OF SETTLEMENT SUBMITTED BY RESPONDENTS MEMBER, PIERCE, AND WILD WAS ISSUED, THEREFORE, RESPONDENTS MEMBER AND PIERCE ARE EACH CENSURED AND FINED 5,000. THE COMPLAINT WAS DISMISSED AS TO RESPONDENT WILD IN THAT THE COMMITTEE DETERMINED THAT HE WAS NOT DIRECTLY RESPONSIBLE FOR SUPERVISING RESPONDENTS MEREDITH OR GALE, OR THE BOOKS AND RECORDS OF RESPONDENT MEMBER. A SEPARATE DECISION WILL BE ISSUED WITH RESPECT TO RESPONDENTS GAIL AND MEREDITH. \*\*\$5,000.00 PAID ON 11/30/93 INVOICE #93-8A-874\*\*

---

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE DISTRICT ALLEGED VIOLATIONS OF ARTICLES 1 AND 27 OF THE NASD RULES OF FAIR PRACTICE FOR THE FAILURE TO SUPERVISE TWO REPRESENTATIVES IN THE OFFERING OF A DIRECT PARTICIPATION PROGRAM.

**Initiated By:** NASD DISTRICT 8

**Date Initiated:** 12/31/1992

**Docket/Case Number:** C8A920099

**Principal Product Type:** Direct Investment(s) - DPP & LP Interest(s)

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Other

**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE



**Resolution:** Consent  
**Resolution Date:** 11/03/1993  
**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** \$5000.00 FINE PAID 11/30/1993



## Arbitration Award - Award/Judgment

Firms are not required to report arbitration claims filed against them by customers on Form BD; however, FINRA provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and FINRA-registered firms in this section of the report. Note: An arbitration may contain multiple instances of a certain Relief Type ( e.g., Actual/Compensatory Damages) requested by or awarded to one or more Claimants.

The full text of arbitration awards issued by FINRA is available at [www.finra.org/awardsonline](http://www.finra.org/awardsonline).

### Disclosure 1 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	09/22/2000
<b>Case Number:</b>	<a href="#">00-02071</a>
<b>Disputed Product Type:</b>	OTHER TYPES OF SECURITIES
<b>Relief Sought:</b>	INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
<b>Disposition:</b>	CLOSED-BY PAPERS
<b>Disposition Date:</b>	07/06/2001
<b>Relief Awarded:</b>	INTEREST, CLOSED-DENIED IN FULL; ATTORNEY'S FEES, CLOSED-DENIED IN FULL

### Disclosure 2 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-BREACH OF CONTRACT; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	11/22/2000



**Case Number:** [00-04894](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$176,000.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 SPECIFIC PERFORMANCE;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 SPECIFIC PERFORMANCE

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 09/18/2001

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 SPECIFIC PERFORMANCE, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 SPECIFIC PERFORMANCE, CLOSED-DENIED IN FULL

### Disclosure 3 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT



**Arbitration Forum:** NASD  
**Case Initiated:** 04/25/2001  
**Case Number:** [01-02036](#)  
**Disputed Product Type:** MUTUAL FUNDS; MUNICIPAL BONDS; MUNICIPAL BOND FUNDS; COMMON STOCK  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$100,000.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
**Disposition:** CLOSED-BY HEARING  
**Disposition Date:** 07/09/2002  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL

#### Disclosure 4 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-MARGIN CALLS;  
 ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT  
 ACTIVITY-BRCH OF FIDUCIARY DT  
**Arbitration Forum:** NASD  
**Case Initiated:** 07/27/2001  
**Case Number:** [01-03751](#)  
**Disputed Product Type:** COMMON STOCK  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$100,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$100,000.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;



OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/28/2002

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$25,000.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$25,000.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$4,097.63;  
 OTHER COSTS, CLOSED-AWARDED;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 INTEREST, CLOSED-AWARDED

#### Disclosure 5 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-OTHER; ACCOUNT RELATED-NEGLIGENCE;  
 EXECUTIONS-FAILURE TO EXECUTE; ACCOUNT RELATED-FAILURE TO SUPERVISE

**Arbitration Forum:** NASD

**Case Initiated:** 08/17/2001

**Case Number:** [01-04044](#)

**Disputed Product Type:** MUTUAL FUNDS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$19,000.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 08/01/2002

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL









INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;



SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/23/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$20,073.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$49,236.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;



ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$16,124.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$4,176.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$4,867.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$30,451.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$59,119.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$15,007.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$16,159.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$20,114.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$18,232.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$96,865.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$41,704.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$11,462.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$354.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$7,427.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$7,846.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$2,609.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$6,568.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$19,152.00;



ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$3,278.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$3,387.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$13,167.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$39,299.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$19,524.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$17,563.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$322.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$24,505.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$176,573.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$33,180.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$13,171.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$50,147.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;



INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;



PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$54,968.42

#### Disclosure 7 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT  
**Arbitration Forum:** NASD  
**Case Initiated:** 12/11/2001  
**Case Number:** [01-06444](#)  
**Disputed Product Type:** COMMON STOCK  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$275,951.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/22/2003  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD



AMOUNT \$207,000.00;  
 INTEREST, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-AWARDED, AWARD AMOUNT  
 \$9,000.00

### Disclosure 8 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 12/20/2001

**Case Number:** [01-06638](#)

**Disputed Product Type:** ANNUITIES; CORPORATE BONDS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$208,000.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$624,000.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER NON-MONETARY RELIEF JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/01/2002

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$123,636.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-AWARDED;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 OTHER NON-MONETARY RELIEF, CLOSED-DENIED IN FULL



### Disclosure 9 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-CHURNING; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-UNSUITABILITY; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 01/28/2002

**Case Number:** [02-00158](#)

**Disputed Product Type:** ANNUITIES; MUTUAL FUNDS; COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$900,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$132,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$250,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$85,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/29/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,055,972.90;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$299,883.32;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;



ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$10,261.22;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED;  
 OTHER COSTS, CLOSED-AWARDED;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$500.00;  
 ATTORNEY'S FEES, CLOSED-AWARDED;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
 \$4,067,568.66;  
 OTHER COSTS, CLOSED-AWARDED

#### Disclosure 10 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT  
 RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE;  
 ACCOUNT RELATED-ERRORS-CHARGES

**Arbitration Forum:** NASD

**Case Initiated:** 02/07/2002

**Case Number:** [02-00636](#)

**Disputed Product Type:** OTHER TYPES OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$149,243.14  
 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,000,000.00  
 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,000,000.00  
 JOINTLY AND SEVERALLY;



INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/16/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$100,000.00;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$50,000.00;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
OTHER MONETARY RELIEF, CLOSED-AWARDED, AWARD AMOUNT \$500.00

#### Disclosure 11 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-OTHER

**Arbitration Forum:** NASD

**Case Initiated:** 03/19/2002

**Case Number:** [02-01516](#)

**Disputed Product Type:** ANNUITIES; COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$350,000.00 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 06/23/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;



ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 12 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 05/30/2002

**Case Number:** [02-01611](#)

**Disputed Product Type:** MUTUAL FUNDS; MUNICIPAL BONDS; COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$296,189.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$50,000.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 09/16/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$262,500.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL

#### Disclosure 13 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 08/01/2002

**Case Number:** [02-04362](#)

**Disputed Product Type:** COMMON STOCK



**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$98,956.72 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$36,972.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 09/24/2003

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL

#### Disclosure 14 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 04/24/2003

**Case Number:** [03-01646](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 RICO, ASKED AMOUNT \$1,620,814.00 JOINTLY AND SEVERALLY;  
 RICO, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND



SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/15/2004

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 RICO, CLOSED-DENIED IN FULL;  
 RICO, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$40,000.00

#### Disclosure 15 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT  
 RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-OTHER;  
 FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 05/09/2003

**Case Number:** [03-03054](#)

**Disputed Product Type:** MUTUAL FUNDS; COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$166,400.00  
 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY



AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-STIP. AWARD

**Disposition Date:** 12/22/2004

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL

#### Disclosure 16 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT  
 ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 06/13/2003

**Case Number:** [03-03667](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY;



ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/12/2005

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$177,200.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 17 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 10/03/2003

**Case Number:** [03-05007](#)

**Disputed Product Type:**

UNKNOWN TYPE OF SECURITIES

**Relief Sought:**

ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;



SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00  
JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00  
JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00  
JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00  
JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00  
JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$743,748.00



JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 01/04/2005

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;



OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
AMOUNT \$93,932.00;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD



AMOUNT \$28,524.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$14,493.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$13,345.00;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$30,000.00;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$7,034.00

### Disclosure 18 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT  
 ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF  
 FACTS; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 07/16/2003

**Case Number:** [03-05141](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$86,687.00 JOINTLY  
 AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
 AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 10/18/2004

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$69,000.00;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$225.00;  
 ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$23,000.00;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-AWARDED, AWARD AMOUNT



\$1,994.14;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED

### Disclosure 19 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 09/15/2003

**Case Number:** [03-05687](#)

**Disputed Product Type:** ANNUITIES; MUTUAL FUNDS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$1,229,222.79 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,627,838.74 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$988,866.28 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$1,040,659.40 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$707,720.01 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$334,977.08 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$745,886.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$1,023,775.32 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$621,894.74 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$247,384.75 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$488,722.50 JOINTLY AND SEVERALLY;



ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$900,913.27  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$699,688.29  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$402,372.72  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$802,453.90  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$706,361.80  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$542,470.18  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$321,816.36  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$593,052.62  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$689,612.13  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$554,146.47  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$824,304.22  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$138,744.24  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$905,592.74  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$817,418.57  
JOINTLY AND SEVERALLY;  
SPECIFIC PERFORMANCE;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY  
AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND  
SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$722,510.23  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$376,081.93  
JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$633,845.21











OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
 AWARD AGAINST PARTY

**Disposition:**

05/15/2006

**Disposition Date:****Relief Awarded:**

ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$629,740.32;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$802,102.35;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$606,346.89;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$423,028.08;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$436,453.61;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$174,678.33;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$361,039.32;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$514,900.10;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$414,263.25;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$159,284.23;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$274,589.31;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$476,889.74;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$484,575.35;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$214,119.38;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$402,137.84;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$226,104.17;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$274,620.78;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$192,741.92;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$362,245.70;



ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$339,996.25;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$289,575.99;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$411,902.56;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$84,733.83;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$579,075.31;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$475,988.41;  
SPECIFIC PERFORMANCE, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$453,924.62;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$189,418.60;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$478,653.61;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$249,337.50;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$422,550.13;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$86,623.29;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$170,654.02;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$355,612.57;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$261,536.13;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$241,263.05;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$51,330.65;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$182,381.85;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT



\$127,241.80;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$131,280.10;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$52,540.95;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$26,055.05;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$108,596.25;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$154,876.05;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$124,605.60;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$47,910.80;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$106,963.85;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$78,667.05;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$82,593.35;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$143,442.60;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$143,973.20;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$145,754.70;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$64,404.55;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$120,958.25;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$68,009.55;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$82,602.45;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$57,974.35;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$108,959.20;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$127,098.30;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$102,266.85;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT  
\$87,100.65;









**Disposition:** CLOSED-BY HEARING  
**Disposition Date:** 06/19/2006  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL

### Disclosure 21 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT  
 RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE;  
 FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT  
**Arbitration Forum:** NASD  
**Case Initiated:** 06/29/2004  
**Case Number:** [04-04443](#)  
**Disputed Product Type:** ANNUITIES; MUTUAL FUNDS; MUNICIPAL BONDS; CORPORATE BONDS  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$300,000.00  
 JOINTLY AND SEVERALLY;  
 TREBLE DAMAGES, ASKED AMOUNT \$600,000.00 JOINTLY AND  
 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND  
 SEVERALLY  
**Disposition:** CLOSED-BY HEARING  
**Disposition Date:** 08/17/2005  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 TREBLE DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL



### Disclosure 22 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-BREACH OF CONTRACT; FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	07/20/2004
<b>Case Number:</b>	<a href="#">04-05124</a>
<b>Disputed Product Type:</b>	ANNUITIES; COMMON STOCK
<b>Relief Sought:</b>	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$250,000.00 JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$250,000.00 JOINTLY AND SEVERALLY; INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	01/06/2006
<b>Relief Awarded:</b>	ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$193,659.00; PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL; INTEREST, CLOSED-DENIED IN FULL; ATTORNEY'S FEES, CLOSED-DENIED IN FULL; OTHER COSTS, CLOSED-DENIED IN FULL; OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

### Disclosure 23 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/11/2004



**Case Number:** [04-05463](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 01/26/2006

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 24 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 01/28/2005

**Case Number:** [04-08770](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$3,500,000.00 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND



SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/21/2006

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,250,368.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,081,918.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,514,706.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,000,000.00;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$2,417,447.00;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$20,000.00;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,000,000.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$1,000,000.00;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$20,000.00;  
 OTHER COSTS, CLOSED-AWARDED, AWARD AMOUNT \$20,000.00

#### Disclosure 25 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD



**Case Initiated:** 02/08/2005  
**Case Number:** [05-00623](#)  
**Disputed Product Type:** MUTUAL FUNDS  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$50,000.01 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
**Disposition:** CLOSED-BY HEARING  
**Disposition Date:** 05/02/2006  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 26 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY  
**Arbitration Forum:** NASD  
**Case Initiated:** 02/14/2005  
**Case Number:** [05-00779](#)  
**Disputed Product Type:** MUTUAL FUNDS  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;



OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 06/22/2006

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$60,000.00;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
OTHER COSTS, CLOSED-DENIED IN FULL

### Disclosure 27 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 03/24/2005

**Case Number:** [05-01402](#)

**Disputed Product Type:** ANNUITIES; MUTUAL FUNDS; COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$400,000.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$75,000.00 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/09/2006

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$115,000.00;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
OTHER COSTS, CLOSED-DENIED IN FULL;



## OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

## Disclosure 28 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	11/02/2005
<b>Case Number:</b>	<a href="#">05-05540</a>
<b>Disputed Product Type:</b>	UNKNOWN TYPE OF SECURITIES
<b>Relief Sought:</b>	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$201,000.00 JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; INTEREST, ASKED AMOUNT \$0.00 SEVERALLY; INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/10/2006
<b>Relief Awarded:</b>	ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$60,000.00; ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED; PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL; PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;



ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 29 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT

**Arbitration Forum:** NASD

**Case Initiated:** 02/01/2006

**Case Number:** [06-00451](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,000,000.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 12/21/2006

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 30 of 43

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-ERRORS-CHARGES

**Arbitration Forum:** NASD

**Case Initiated:** 08/31/2006

**Case Number:** [06-03412](#)

**Disputed Product Type:** ANNUITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$3,536.25 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$21,463.25 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$1,582.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 07/03/2007

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL;  
OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

---

**Disclosure 31 of 43**

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY  
**Arbitration Forum:** NASD  
**Case Initiated:** 12/09/1991  
**Case Number:** [91-03706](#)  
**Disputed Product Type:** LIMITED PARTNERSHIPS  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$80,000.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 01/07/1993  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$29,799.00;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$13,012.00;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL

#### Disclosure 32 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT ACTIVITY-OTHER  
**Arbitration Forum:** NASD  
**Case Initiated:** 10/19/1992  
**Case Number:** [92-02704](#)  
**Disputed Product Type:** LIMITED PARTNERSHIPS  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,000.00 JOINTLY AND SEVERALLY



**Disposition:** CLOSED-BY PAPERS  
**Disposition Date:** 06/02/1993  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL

#### Disclosure 33 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; FRAUDULENT ACTIVITY-UNSUITABILITY; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING  
**Arbitration Forum:** NASD  
**Case Initiated:** 11/29/1994  
**Case Number:** [94-04527](#)  
**Disputed Product Type:** COMMON STOCK  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$9,976.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY  
**Disposition:** CLOSED-BY PAPERS  
**Disposition Date:** 05/19/1995  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL

#### Disclosure 34 of 43

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-MANIPULATION  
**Arbitration Forum:** NASD  
**Case Initiated:** 01/13/1995  
**Case Number:** [95-00110](#)



**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$25,131.01 SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$74,000.00 SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 03/11/1996

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$25,131.01;  
PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL;  
ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
OTHER COSTS, CLOSED-DENIED IN FULL

#### Disclosure 35 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-OTHER

**Arbitration Forum:** NASD

**Case Initiated:** 08/31/1995

**Case Number:** [95-04170](#)

**Disputed Product Type:** ANNUITIES; MUTUAL FUNDS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$30,103.83 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$4,193.43 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$13,257.36 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$1,800.00 JOINTLY AND SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 08/19/1996



**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$8,500.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

### Disclosure 36 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 07/18/1996

**Case Number:** [96-01934](#)

**Disputed Product Type:** LIMITED PARTNERSHIPS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$15,000.00 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 07/17/1997

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 OTHER COSTS, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL

### Disclosure 37 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION



**Allegations:** FRAUDULENT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 10/03/1996

**Case Number:** [96-04356](#)

**Disputed Product Type:** COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$7,594.09 JOINTLY AND SEVERALLY;  
INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY PAPERS

**Disposition Date:** 06/20/1997

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
INTEREST, CLOSED-DENIED IN FULL

#### Disclosure 38 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** FRAUDULENT ACTIVITY-MISREPRESENTATION; FRAUDULENT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-UNSUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 05/08/1997

**Case Number:** [97-02050](#)

**Disputed Product Type:** ANNUITIES; LIMITED PARTNERSHIPS

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$410,415.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$50,000.00 JOINTLY AND SEVERALLY;  
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$410,415.00 JOINTLY AND SEVERALLY;  
PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$50,000.00 JOINTLY



AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY HEARING

**Disposition Date:** 12/04/1998

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL

#### Disclosure 39 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-OTHER; FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

**Arbitration Forum:** NASD

**Case Initiated:** 02/22/1999

**Case Number:** [98-02644](#)

**Disputed Product Type:** UNKNOWN TYPE OF SECURITIES

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$10,000.00 JOINTLY AND SEVERALLY

**Disposition:** CLOSED-BY PAPERS

**Disposition Date:** 12/16/1999

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL

#### Disclosure 40 of 43

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT



RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-OTHER

**Arbitration Forum:** NASD

**Case Initiated:** 04/22/1999

**Case Number:** [98-04857](#)

**Disputed Product Type:** COMMON STOCK

**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$154,835.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$2,919.12 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$4,861.25 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$825.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$669.17 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$40,000.00 SEVERALLY;  
 ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.01 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.01 SEVERALLY;  
 INTEREST, ASKED AMOUNT \$0.01 SEVERALLY

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 01/18/2001

**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;



ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL;  
 INTEREST, CLOSED-DENIED IN FULL;  
 PUNITIVE/EXEMPLARY DAMAGES, CLOSED-DENIED IN FULL;  
 ATTORNEY'S FEES, CLOSED-DENIED IN FULL;  
 OTHER MONETARY RELIEF, CLOSED-DENIED IN FULL;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$40,000.00;  
 ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD  
 AMOUNT \$0.01;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01;  
 INTEREST, CLOSED-AWARDED, AWARD AMOUNT \$0.01

#### Disclosure 41 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-UNSUITABILITY
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	07/09/1999
<b>Case Number:</b>	<a href="#">99-02516</a>
<b>Disputed Product Type:</b>	COMMON STOCK
<b>Relief Sought:</b>	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$267,046.31 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	11/30/2000
<b>Relief Awarded:</b>	ACTUAL/COMPENSATORY DAMAGES, CLOSED-AWARDED, AWARD AMOUNT \$125,913.67; ATTORNEY'S FEES, CLOSED-AWARDED, AWARD AMOUNT \$23,789.83; OTHER COSTS, CLOSED-DENIED IN FULL



### Disclosure 42 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-FAILURE TO SUPERVISE; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-OTHER
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	09/22/1999
<b>Case Number:</b>	<a href="#">99-02800</a>
<b>Disputed Product Type:</b>	OPTIONS; COMMON STOCK
<b>Relief Sought:</b>	ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$23,024.32 JOINTLY AND SEVERALLY; INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$5,000.00 JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
<b>Disposition:</b>	CLOSED-BY HEARING
<b>Disposition Date:</b>	10/25/2000
<b>Relief Awarded:</b>	ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL; INTEREST, CLOSED-DENIED IN FULL; ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL; ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL; ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL; ATTORNEY'S FEES, CLOSED-DENIED IN FULL; OTHER COSTS, CLOSED-DENIED IN FULL

### Disclosure 43 of 43

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT RELATED-NEGLIGENCE; FRAUDULENT ACTIVITY-CHURNING; FRAUDULENT ACTIVITY-MISREPRESENTATION



**Arbitration Forum:** NASD  
**Case Initiated:** 12/06/1999  
**Case Number:** [99-04514](#)  
**Disputed Product Type:** COMMON STOCK  
**Relief Sought:** ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$192,828.00  
JOINTLY AND SEVERALLY  
**Disposition:** CLOSED-BY HEARING  
**Disposition Date:** 06/08/2001  
**Relief Awarded:** ACTUAL/COMPENSATORY DAMAGES, CLOSED-DENIED IN FULL



## Civil Bond

This section provides details regarding a civil bond as reported by the firm to CRD. The event may include bonds that have been denied, paid, or revoked by a bonding company.

### Disclosure 1 of 5

**Reporting Source:** Firm

**Policy Holder:** SECURITIES AMERICA, INC.

**Bonding Company Name:** NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA

**Disposition:** Payout

**Disposition Date:** 10/14/2002

**Payout Details:** NATIONAL UNION PAID OUT \$92,000.00 ON 10/14/2002

**Summary:** THE RECEIPT OF A CUSTOMER COMPLAINT AND SUBSEQUENT INVESTIGATION REVEALED THAT A REPRESENTATIVE OF SECURITIES AMERICA CONVERTED CLIENT FUNDS FOR HIS OWN PERSONAL USE BY HAVING CLIENT FUNDS WIRED TO A BANK ACCOUNT UNDER HIS CONTROL.

### Disclosure 2 of 5

**Reporting Source:** Firm

**Policy Holder:** SECURITIES AMERICA , INC.

**Bonding Company Name:** NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

**Disposition:** Payout

**Disposition Date:** 01/14/2003

**Payout Details:** NATIONAL UNION PAID OUT \$109,815.91 ON 1/14/2003.

**Summary:** AN INTERNAL AUDIT OF SECURITIES AMERICA UNCOVERED AN EMPLOYEE'S SCHEME TO CONVERT CORPORATE ACCOUNTS PAYABLE CHECKS TO HER OWN PERSONAL USE RESULTING IN A LOSS OF \$159,815.91. THE MATTER WAS TURNED OVER TO THE LOCAL LAW ENFORCEMENT AUTHORITIES FOR PROSECUTION.

### Disclosure 3 of 5

**Reporting Source:** Firm

**Policy Holder:** SECURITIES AMERICA, INC.

**Bonding Company Name:** NATIONAL UNION FIRE INS. CO. OF PITTSBURGH, PA



**Disposition:** Payout  
**Disposition Date:** 05/22/2003  
**Payout Details:** NATIONAL UNION PAID OUT \$195,000.00 ON 5/22/2003  
**Summary:** THE RECEIPT OF A CUSTOMER COMPLAINT AND SUBSEQUENT INVESTIGATION UNCOVERED THAT A REPRESENTATIVE OF SECURITIES AMERICA HAD UNDERTAKEN A SCHEME TO CONVERT THE FUNDS OF THREE CLIENTS TO HIS OWN PERSONAL USE.

#### Disclosure 4 of 5

**Reporting Source:** Firm  
**Policy Holder:** SECURITIES AMERICA, INC.  
**Bonding Company Name:** NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA  
**Disposition:** Payout  
**Disposition Date:** 06/15/2000  
**Payout Details:** AS A RESULT OF THE CLAIM \$196,572.84 WAS PAID OUT ON JUNE 15, 2000.  
**Summary:** THIS ACTION AROSE OUT OF THE FRAUDULENT ACTIVITIES OF A FORMER SAI REPRESENTATIVE, WHO HAD ALLEGEDLY MISAPPROPRIATED FUNDS CONTRIBUTED BY HIS CLIENTS TO A LIMITED PARTNERSHIP ESTABLISHED AND OPERATED AS AN INVESTMENT CLUB.

#### Disclosure 5 of 5

**Reporting Source:** Firm  
**Policy Holder:** SECURITIES AMERICA, INC.  
**Bonding Company Name:** FIDELITY AND DEPOSIT COMPANY OF MARYLAND  
**Disposition:** Payout  
**Disposition Date:** 06/30/1993  
**Payout Details:** APPROXIMATELY \$100,000.00 IN JUNE OF 1993  
**Summary:** A REPRESENTATIVE CONVERTED CLIENT'S FUNDS FOR HIS PERSONAL USE.



## About this BrokerCheck Report

BrokerCheck reports are part of a FINRA initiative to disclose information about FINRA-registered firms and individual brokers to help investors determine whether to conduct, or continue to conduct, business with these firms and brokers. The information contained within these reports is collected through the securities industry's registration and licensing process.

### Who provides the information in BrokerCheck?

Information made available through BrokerCheck is obtained from the Central Registration Depository (CRD®) as reported through the industry registration and licensing process.

The forms used by brokerage firms, to report information as part of the firms registration and licensing process, Forms BD and BDW, are established by the Securities and Exchange Commission (SEC) and adopted by all state securities regulators and self-regulatory organizations (SROs). FINRA and the North American Securities Administrators Association (NASAA) establish the Forms U4 and U5, the forms that are used for the registration and licensing process for individual brokers. These forms are approved by the SEC. Regulators report disciplinary information for firms and individual brokers via Form U6.

### How current is the information contained in BrokerCheck?

Brokerage firms and brokers are required to keep this information accurate and up-to-date (typically not later than 30 days after learning of an event). BrokerCheck data is updated when a firm, broker, or regulator submits new or revised information to CRD. Generally, updated information is available on BrokerCheck Monday through Friday.

### What information is NOT disclosed through BrokerCheck?

Information that has not been reported to CRD or that is not required to be reported through the registration and licensing process, is not disclosed through BrokerCheck. Examples of events that are not required to be reported or are no longer reportable include: judgments and liens originally reported as outstanding that have been satisfied and bankruptcy proceedings filed more than 10 years ago. Conversely, certain customer complaint information that is not required to be reported may be disclosed provided certain criteria are met.

Additional information not disclosed through BrokerCheck includes Social Security Numbers, residential history information, and physical description information. On a case-by-case basis, FINRA reserves the right to exclude information that contains confidential customer information, offensive and potentially defamatory language or information that raises significant identity theft or privacy concerns that are not outweighed by investor protection concerns. FINRA Rule 8312 describes in detail what information is and is not disclosed through BrokerCheck.

Under FINRA's current public disclosure policy, in certain limited circumstances, most often pursuant to a court order, information is expunged from CRD. Further information about expungement from CRD is available in FINRA notices 99-09, 99-54, 01-65, and 04-16 at [www.finra.org](http://www.finra.org).

For further information regarding FINRA's BrokerCheck program, please visit FINRA's Web site at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or call the FINRA BrokerCheck Hotline at (800) 289-9999. This hotline is open Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Time (ET).

For more information about the following, select the associated link:

- About BrokerCheck Reports: [http://www.finra.org/brokercheck\\_reports](http://www.finra.org/brokercheck_reports)
- Glossary: [http://www.finra.org/brokercheck\\_glossary](http://www.finra.org/brokercheck_glossary)
- Questions Frequently Asked about BrokerCheck Reports: [http://www.finra.org/brokercheck\\_faq](http://www.finra.org/brokercheck_faq)
- Terms and Conditions: <http://brokercheck.finra.org/terms.aspx>