

BrokerCheck Report

JOHN THOMAS FINANCIAL

CRD# 40982

Report #35301-46761, data current as of Monday, July 13, 2015.

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About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

Thank you for using FINRA BrokerCheck.

JOHN THOMAS FINANCIAL

CRD# 40982

SEC# 8-49254

Main Office Location

14 WALL STREET
23RD FLOOR
NEW YORK, NY 10005

Mailing Address

14 WALL STREET
23RD FLOOR
NEW YORK, NY 10005

Business Telephone Number

212-299-7816

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<http://www.adviserinfo.sec.gov>

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 06/20/1996.

Its fiscal year ends in May.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

**Disclosure Events**

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	10
Arbitration	14



Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.

This firm terminated or withdrew registration on:	06/14/2013
Does this brokerage firm owe any money or securities to any customer or brokerage firm?	Yes
Number of customers owed funds or securities:	2,687
Amount of money owed to customer:	\$42,865,073.17
Amount of money owed to brokerage firm:	\$0.00
Market value of securities owed to customer:	\$41,902,654.87
Market value of securities owed to brokerage firm:	\$0.00
Payment arrangement:	CUSTOMERS WOULD CALL THE CLEARING FIRM, STERNE AGEE & LEACH TO REQUEST LIQUIDATION OF ACCOUNT AND ALL FUNDS.



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 06/20/1996.

Its fiscal year ends in May.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

JOHN THOMAS FINANCIAL

Doing business as JOHN THOMAS FINANCIAL

CRD# 40982

SEC# 8-49254

Main Office Location

14 WALL STREET
23RD FLOOR
NEW YORK, NY 10005

Mailing Address

14 WALL STREET
23RD FLOOR
NEW YORK, NY 10005

Business Telephone Number

212-299-7816

Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.



Direct Owners and Executive Officers

Legal Name & CRD# (if any):	CASTELLANO, JOSEPH LOUIS 1158479
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	03/2009
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 any indirect owners of the brokerage firm.



Indirect Owners

No information reported.

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



Firm Operations



Registrations

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

This firm is no longer registered.

The firm's registration was from 01/10/1997 to 10/31/2013.



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 17 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Real estate syndicator
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Investment advisory services
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
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Private placements of securities
Other - MERGERS AND ACQUISITION SERVICES RESEARCH REPORTS AND RESEARCH ANALYST REPORTS.

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

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 not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: STERNE, AGEE & LEACH, INC.
CRD #: 791
Business Address: 800 SHADES CREEK PKWY SUITE 700
 BIRMINGHAM, AL 35209
Effective Date: 01/16/2007
Description: FULLY DISCLOSED CLEARING FIRM

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

Name: STERNE, AGEE & LEACH, INC.
CRD #: 791
Business Address: 800 SHADES CREEK PKWY SUITE 700
 BIRMINGHAM, AL 35209
Effective Date: 01/16/2007
Description: FULLY DISCLOSED CLEARING FIRM

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

Name: STERNE, AGEE & LEACH, INC.
CRD #: 791
Business Address: 800 SHADES CREEK PKWY SUITE 700
 BIRMINGHAM, AL 35209
Effective Date: 01/16/2007
Description: FULLY DISCLOSED CLEARING FIRM

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 information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

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.

JTF PRIVATE WEALTH MANAGEMENT, LLC is under common control with the firm.

CRD #:	157370
Business Address:	14 WALL STREET 23RD FLOOR NEW YORK, NY 10005
Effective Date:	06/15/2011
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	J.T.F. PRIVATE WEALTH MANAGEMENT, LLC, IS OWNED BY ATB III HOLDING, LLC WHOSE INDIRECT OWNER IS ANASTASIOS BELESIS WHO IS ALSO THE INDIRECT OWNER OF ATB HOLDING COMPANY, LLC, WHICH IS THE DIRECT OWNER OF JOHN THOMAS FINANCIAL.

FOUR POINTS CAPITAL PARTNERS LLC is under common control with the firm.

CRD #:	43149
Business Address:	303 SOUTH BROADWAY TARRYTOWN, NY 10591
Effective Date:	04/08/2009
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No

Firm Operations



Organization Affiliates (continued)

Description: BOTH APPLICANT AND FOUR POINTS CAPITAL PARTNERS SERVICES LLC ARE UNDER COMMON DIRECT OWNERSHIP WITH ATB HOLDING COMPANY LLC. AND MR. ANASTASIOS BELESIS IS AN INDIRECT OWNER OF BOTH FIRMS THROUGH ATB.

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

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	10	0
Arbitration	N/A	14	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 10

Reporting Source: Regulator

Current Status: Final



Allegations: THE FIRM FAILED TO PAY FINES AND/OR COSTS OF \$124,664.90 IN FINRA CASE #2009016304801.

Initiated By: FINRA

Date Initiated: 10/31/2013

Docket/Case Number: [2009016304801](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Expulsion

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 10/31/2013

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: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: PURSUANT TO RULE 8320, THE FIRM IS EXPELLED AS OF CLOSE OF BUSINESS FOR FAILURE TO PAY FINES AND/OR COSTS.

Disclosure 2 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT JOHN THOMAS FINANCIAL FAILED TO PAY FEES OF \$267,783.96 DUE TO FINRA AS A RESULT OF AN ANNUAL ASSESSMENT.

Initiated By: FINRA

Date Initiated: 07/26/2013

Docket/Case Number: N/A

Principal Product Type: No Product

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CANCELLATION

Resolution: Other

Resolution Date: 08/16/2013

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:

Other Sanctions Ordered: CANCELLATION

Sanction Details: PURSUANT TO FINRA RULE 9553, JOHN THOMAS FINANCIAL'S MEMBERSHIP WITH FINRA IS CANCELED AS OF AUGUST 16, 2013 FOR FAILURE TO PAY OUTSTANDING FEES.

Disclosure 3 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT JOHN THOMAS FINANCIAL FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASES #13-00807 / 13-00771 / 12-02923 / 13-00481 / 13-00553 / 13-00830.

Initiated By: FINRA

Date Initiated: 06/27/2013

Docket/Case Number: 13-00807

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:



Resolution: Other

Resolution Date: 07/18/2013

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: Suspension

Other Sanctions Ordered:

Sanction Details: PURSUANT TO FINRA RULE 9553, RESPONDENT JOHN THOMAS FINANCIAL'S FINRA MEMBERSHIP IS SUSPENDED AS OF JULY 18, 2013 FOR FAILURE TO PAY ARBITRATION FEES.

Disclosure 4 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: WILLFULLY VIOLATED SECURITIES EXCHANGE ACT SECTION 10(B),RULE 10B-5 THEREUNDER, VIOLATED SECURITIES EXCHANGE ACT RULES 17A-3, 17A-4, FINRA RULES 2010, 2020, 4511(A), 5240, 5320, NASD RULES 2320, 3010, CAUSED VIOLATIONS OF SEC RULES 17A-3(A)(6), 17A-4(B)(1) - JOHN THOMAS FINANCIAL, INC., THROUGH THE FIRM'S CHIEF EXECUTIVE OFFICER (CEO)AND ITS BRANCH OFFICE MANAGER (BOM), SOLD OVER 800,000 SHARES OF A SECURITY AT PRICES THAT WOULD HAVE SATISFIED OUTSTANDING CUSTOMER ORDERS TO SELL THIS STOCK ON THE SAME SIDE OF THE MARKET. THE FIRM RECEIVED CUSTOMER ORDERS ONE AFTERNOON BUT DID NOT EXECUTE MOST OF THEM IN THE SIZE AND AT THE SAME PRICE OR BETTER AT WHICH IT EXECUTED THE PROPRIETARY SHARES. THE FIRM THROUGH ITS CEO,BOM AND A TRADER, FAILED TO USE REASONABLE DILIGENCE TO EXECUTE CUSTOMER ORDERS THAT DAY SO THAT CUSTOMER ORDERS WERE NOT FILLED AT A PRICE AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. SOME ORDERS WERE EXECUTED THE FOLLOWING DAY AND THEREAFTER AT PRICES THAT WERE INFERIOR TO THE PRICES AVAILABLE THE DAY BEFORE AND SOME CUSTOMERS DID NOT SELL AT ALL. THE FIRM TOOK INSUFFICIENT STEPS TO FOLLOW CUSTOMER INSTRUCTIONS. THE FIRM AND THE CEO, THROUGH THE BOM AND THE CHIEF COMPLIANCE OFFICER (CCO), STATED TO REGISTERED REPRESENTATIVES THAT CUSTOMER ORDERS TO SELL THE STOCK COULD NOT BE ENTERED DUE TO A PROBLEM WITH THE CLEARING FIRM



AND THE REGISTERED REPRESENTATIVES CONVEYED THIS MISREPRESENTATION TO CUSTOMERS. THE FIRM TOOK INADEQUATE STEPS, IF ANY TO TIMELY ENTER ORDERS FOR EXECUTION. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO MAKE AND KEEP CURRENT RECORDS OF THESE ORDERS AS REQUIRED BY THE SEC. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO PRESERVE RECORDS FOR AT LEAST THE UNEXECUTED CUSTOMER ORDERS IT RECEIVED AS REQUIRED BY THE SEC. THESE TICKETS WERE REQUIRED TO BE PRESERVED FOR AT LEAST THREE YEARS. THE FIRM HAD WRITTEN SUPERVISORY PROCEDURES (WSPS) THAT PURPORTED TO ADDRESS TRADING AHEAD OF CUSTOMER EQUITY ORDERS THAT STRICTLY PROHIBITED FRONT RUNNING BUT THE IMPLEMENTATION OF THESE PROCEDURES WAS NOT FOLLOWED. ALTHOUGH THE FIRM DESIGNATED A TRADER WITH RESPONSIBILITY FOR ENSURING COMPLIANCE WITH THESE PROCEDURES, IT FAILED TO NOTIFY HIM OF SUCH OR PROVIDE HIM WITH THE INFORMATION NECESSARY TO BE ABLE TO DO SO. THE FIRM, THROUGH ITS CEO AND BOM, CREATED CIRCUMSTANCES WHERE AS THE CUSTOMERS' ORDERS WERE NOT BEING ENTERED: THE TRADER WHO HAD BEEN AT THE FIRM FOR APPROXIMATELY TWO WEEKS WAS RESPONSIBLE FOR ENTERING THE ORDERS AND THE BOM COULD NOT BE BOTHERED TO ASSIST HIM BECAUSE SHE WAS BUSILY SELLING THE FIRM'S PROPRIETARILY-HELD SHARES. THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH FINRA RULE 4511 AND SEC RULES 17A-3 AND 17A-4. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM WITH RESPECT TO ITS TRADING FUNCTION AND RECORDKEEPING PRACTICES THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITIES LAWS, REGULATIONS AND RULES. [CONTINUED IN COMMENT.]

Initiated By: FINRA

Date Initiated: 04/15/2013

Docket/Case Number: [2012033467301](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 02/26/2015



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 \$100,000.00
 Disgorgement/Restitution
 Suspension
 Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details:

THE FIRM IS FINED \$100,000, JOINTLY AND SEVERALLY, ORDERED TO PAY DISGORGEMENT IN THE AMOUNT OF \$1,047,288.01, PLUS INTEREST, JOINTLY AND SEVERALLY, IS SUSPENDED FROM FINRA MEMBERSHIP FOR TWO YEARS, AND IS EXPELLED FROM FINRA MEMBERSHIP.

Regulator Statement

ALLEGATIONS CONTINUED: THE FIRM VIOLATED ANTIFRAUD PROVISIONS BY SELLING PROPRIETARILY HELD STOCK WHILE KNOWINGLY OR RECKLESSLY PREVENTING THE ENTRY AND EXECUTION OF MARKETABLE CUSTOMER SELL ORDERS IN THE STOCK AND MAKING MATERIAL MISREPRESENTATIONS TO CUSTOMERS, REGISTERED REPRESENTATIVES AND OTHER FIRM PERSONNEL BY STATING THROUGH ITS OFFICERS, THAT SUCH ORDERS COULD NOT BE ENTERED BECAUSE A PROBLEM EXISTED WITH THE CLEARING FIRM; THE CUSTOMERS' SHARES WERE UNREGISTERED UNDER THE 1933 ACT AND NOT SUBJECT TO AN EXEMPTION FROM REGISTRATION; AND THERE WAS INSUFFICIENT VOLUME IN THE STOCK. THE FIRM, ACTING THROUGH ITS CEO AND BOM, ATTEMPTED TO CONCEAL THE MISCONDUCT BY FAILING TO MAINTAIN ORDER TICKETS FOR SOME ORDERS AND CREATING FALSIFIED TICKETS FOR SOME OF THE ORDERS. AS A RESULT OF THE FIRM'S SALE OF ITS PROPRIETARILY-HELD SHARES, IT REAPED PROCEEDS OF APPROXIMATELY \$1,080,135. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE BY SELLING PROPRIETARILY HELD STOCK WHILE PREVENTING THE SALE OF SUCH STOCK BY CUSTOMERS AND MAKING MATERIAL MISREPRESENTATIONS AND OMISSIONS TO CUSTOMERS AND REPRESENTATIVES CONCERNING THE REASONS THAT ORDERS TO SELL THE STOCK WERE NOT FULLY EXECUTED OR EXECUTED AT ALL. THE FIRM CONDUCTED BUSINESS IN A THREATENING, INTIMIDATING AND COERCIVE MANNER BY THREATENING TO END REPRESENTATIVES' FINANCIAL CAREERS BY FILING FORMS U5 AND AMENDMENTS FALSELY STATING THAT THEY ENGAGED IN SERIOUS WRONGDOING.

EXTENDED HEARING PANEL DECISION RENDERED JANUARY 9, 2015. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM TRADED AHEAD OF CUSTOMER ORDERS, AND FAILED TO MAINTAIN ACCURATE AND COMPLETE BOOKS AND RECORDS. THE FINDINGS STATED THAT THE FIRM FAILED TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE. THE FINDINGS ALSO STATED THAT THE FIRM HARASSED AND INTIMIDATED INDIVIDUALS ASSOCIATED WITH IT. THE FINDINGS ALSO INCLUDED THAT THE EVIDENCE DOES NOT SUPPORT THE CHARGES THAT THE FIRM BREACHED ITS DUTY OF BEST EXECUTION OR FAILED TO FOLLOW CUSTOMER INSTRUCTIONS, THEREFORE, THOSE CHARGES ARE DISMISSED. FINRA FOUND THAT THE EVIDENCE DOES NOT SUPPORT THE CHARGES THAT THE FIRM MADE MISREPRESENTATIONS TO CUSTOMERS OR FAILED TO SUPERVISE, THEREFORE, THOSE CHARGES ARE DISMISSED.

THE DECISION BECAME FINAL FEBRUARY 26, 2015.

Reporting Source: Firm

Current Status: Pending

Allegations: WILLFULLY VIOLATED SECURITIES EXCHANGE ACT SECTION 10(B),RULE 10B-5 THEREUNDER, VIOLATED SECURITIES EXCHANGE ACT RULES 17A-3, 17A-4, FINRA RULES 2010, 2020, 4511(A), 5240, 5320, NASD RULES 2320, 3010, CAUSED VIOLATIONS OF SEC RULES 17A-3(A)(6), 17A-4(B)(1) - JOHN THOMAS FINANCIAL, INC., THROUGH THE FIRM'S CHIEF EXECUTIVE OFFICER (CEO)AND ITS BRANCH OFFICE MANAGER (BOM), SOLD OVER 800,000 SHARES OF A SECURITY AT PRICES THAT WOULD HAVE SATISFIED OUTSTANDING CUSTOMER ORDERS TO SELL THIS STOCK ON THE SAME SIDE OF THE MARKET. THE FIRM RECEIVED CUSTOMER ORDERS ONE AFTERNOON BUT DID NOT EXECUTE MOST OF THEM IN THE SIZE AND AT THE SAME PRICE OR BETTER AT WHICH IT EXECUTED THE PROPRIETARY SHARES. THE FIRM THROUGH ITS CEO,BOM AND A TRADER, FAILED TO USE REASONABLE DILIGENCE TO EXECUTE CUSTOMER ORDERS THAT DAY SO THAT CUSTOMER ORDERS WERE NOT FILLED AT A PRICE AS FAVORABLE AS POSSIBLE UNDER PREVAILING MARKET CONDITIONS. SOME ORDERS WERE EXECUTED THE FOLLOWING DAY AND THEREAFTER AT PRICES THAT WERE INFERIOR TO THE PRICES AVAILABLE THE DAY BEFORE AND SOME CUSTOMERS DID NOT SELL AT ALL. THE FIRM TOOK INSUFFICIENT STEPS TO FOLLOW CUSTOMER INSTRUCTIONS. THE FIRM AND THE CEO, THROUGH THE BOM AND THE CHIEF COMPLIANCE OFFICER (CCO), STATED TO REGISTERED REPRESENTATIVES THAT CUSTOMER ORDERS TO SELL THE STOCK COULD NOT BE ENTERED DUE TO A PROBLEM WITH THE CLEARING FIRM AND THE REGISTERED REPRESENTATIVES CONVEYED THIS



MISREPRESENTATION TO CUSTOMERS. THE FIRM TOOK INADEQUATE STEPS, IF ANY TO TIMELY ENTER ORDERS FOR EXECUTION. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO MAKE AND KEEP CURRENT RECORDS OF THESE ORDERS AS REQUIRED BY THE SEC. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO PRESERVE RECORDS FOR AT LEAST THE UNEXECUTED CUSTOMER ORDERS IT RECEIVED AS REQUIRED BY THE SEC. THESE TICKETS WERE REQUIRED TO BE PRESERVED FOR AT LEAST THREE YEARS. THE FIRM HAD WRITTEN SUPERVISORY PROCEDURES (WSPS) THAT PURPORTED TO ADDRESS TRADING AHEAD OF CUSTOMER EQUITY ORDERS THAT STRICTLY PROHIBITED FRONT RUNNING BUT THE IMPLEMENTATION OF THESE PROCEDURES WAS NOT FOLLOWED. ALTHOUGH THE FIRM DESIGNATED A TRADER WITH RESPONSIBILITY FOR ENSURING COMPLIANCE WITH THESE PROCEDURES, IT FAILED TO NOTIFY HIM OF SUCH OR PROVIDE HIM WITH THE INFORMATION NECESSARY TO BE ABLE TO DO SO. THE FIRM, THROUGH ITS CEO AND BOM, CREATED CIRCUMSTANCES WHERE AS THE CUSTOMERS' ORDERS WERE NOT BEING ENTERED: THE TRADER WHO HAD BEEN AT THE FIRM FOR APPROXIMATELY TWO WEEKS WAS RESPONSIBLE FOR ENTERING THE ORDERS AND THE BOM COULD NOT BE BOTHERED TO ASSIST HIM BECAUSE SHE WAS BUSILY SELLING THE FIRM'S PROPRIETARILY-HELD SHARES. THE FIRM ALSO FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH FINRA RULE 4511 AND SEC RULES 17A-3 AND 17A-4. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM WITH RESPECT TO ITS TRADING FUNCTION AND RECORDKEEPING PRACTICES THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITIES LAWS, REGULATIONS AND RULES. [CONTINUED IN COMMENT.]

Initiated By: FINRA

Date Initiated: 04/15/2013

Docket/Case Number: [2012033467301](#)

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Firm Statement ALLEGATIONS CONTINUED: THE FIRM VIOLATED ANTIFRAUD PROVISIONS BY SELLING PROPRIETARILY HELD STOCK WHILE KNOWINGLY OR RECKLESSLY PREVENTING THE ENTRY AND EXECUTION OF MARKETABLE CUSTOMER SELL ORDERS IN THE STOCK AND MAKING MATERIAL

MISREPRESENTATIONS TO CUSTOMERS, REGISTERED REPRESENTATIVES AND OTHER FIRM PERSONNEL BY STATING THROUGH ITS OFFICERS, THAT SUCH ORDERS COULD NOT BE ENTERED BECAUSE A PROBLEM EXISTED WITH THE CLEARING FIRM; THE CUSTOMERS' SHARES WERE UNREGISTERED UNDER THE 1933 ACT AND NOT SUBJECT TO AN EXEMPTION FROM REGISTRATION; AND THERE WAS INSUFFICIENT VOLUME IN THE STOCK. THE FIRM, ACTING THROUGH ITS CEO AND BOM, ATTEMPTED TO CONCEAL THE MISCONDUCT BY FAILING TO MAINTAIN ORDER TICKETS FOR SOME ORDERS AND CREATING FALSIFIED TICKETS FOR SOME OF THE ORDERS. AS A RESULT OF THE FIRM'S SALE OF ITS PROPRIETARILY-HELD SHARES, IT REAPED PROCEEDS OF APPROXIMATELY \$1,080,135. THE FIRM, THROUGH ITS CEO AND BOM, FAILED TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE BY SELLING PROPRIETARILY HELD STOCK WHILE PREVENTING THE SALE OF SUCH STOCK BY CUSTOMERS AND MAKING MATERIAL MISREPRESENTATIONS AND OMISSIONS TO CUSTOMERS AND REPRESENTATIVES CONCERNING THE REASONS THAT ORDERS TO SELL THE STOCK WERE NOT FULLY EXECUTED OR EXECUTED AT ALL. THE FIRM CONDUCTED BUSINESS IN A THREATENING, INTIMIDATING AND COERCIVE MANNER BY THREATENING TO END REPRESENTATIVES' FINANCIAL CAREERS BY FILING FORMS U5 AND AMENDMENTS FALSELY STATING THAT THEY ENGAGED IN SERIOUS WRONGDOING.

Disclosure 5 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: SEC ADMIN RELEASE 34-70989, IA RELEASE 3732, INVESTMENT COMPANY ACT OF 1940 RELEASE 30818, DECEMBER 5, 2013: ON MARCH 22, 2013, THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") INSTITUTED PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B)(4) AND 15(B)(6) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTION 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST JOHN THOMAS FINANCIAL, INC. ("JTF"), ITS CHIEF EXECUTIVE OFFICER ("CEO"), AND THE MANAGER OF TWO HEDGE FUNDS.

THE COMMISSION FOUND THAT THE CASE CONCERNS FRAUDULENT CONDUCT BY THE MANAGER (THE "MANAGER") OF TWO HEDGE FUNDS KNOWN AS FUND I AND FUND II (TOGETHER, THE "FUNDS"), AND THE FUNDS' ADVISER (THE "ADVISER"). RESPONDENT CEO'S



BROKER-DEALER, RESPONDENT JTF, PLACED CUSTOMERS IN THE FUNDS, PROVIDED VARIOUS SERVICES TO A NUMBER OF THE COMPANIES IN WHICH THE FUNDS INVESTED, AND PROVIDED EXECUTION SERVICES WITH RESPECT TO MANY OF THE FUNDS' SECURITIES TRANSACTIONS. THE MANAGER AND THE ADVISER ELEVATED THE INTERESTS OF RESPONDENTS OVER THOSE OF THE FUNDS BY PAYING OR CAUSING TO BE PAID EXCESSIVE MONIES TO JTF THAT SHOULD HAVE REMAINED WITH THE FUNDS. THROUGH THE CEO'S INFLUENCE OVER THE MANAGER AND THE ADVISER, RESPONDENTS AIDED, ABETTED AND CAUSED THE MANAGER'S AND ADVISER'S BREACHES OF THEIR FIDUCIARY DUTIES TO THE FUNDS.

ALTHOUGH JTF AND THE FUNDS SHARED THE SAME BRAND NAME, THE ADVISER PURPORTED TO BE WHOLLY INDEPENDENT OF JTF. LIKEWISE, THE MANAGER REPRESENTED THAT HE WAS "RESPONSIBLE FOR ALL OF THE INVESTMENT DECISIONS" OF THE FUNDS. HOWEVER, THE MANAGER AND THE ADVISER ON OCCASION ACQUIESCED TO RESPONDENT CEO'S DEMANDS REGARDING CERTAIN INVESTMENT DECISIONS. THE INDEPENDENCE OF THE ADVISER AND JTF WAS UNTRUE.

IN ADDITION, THE MANAGER AND THE ADVISER USED THE FUNDS' ASSETS TO PAY THE RESPONDENTS SIGNIFICANT AMOUNTS FOR PROVIDING SERVICES THAT HAD LITTLE OR NO DIRECT VALUE TO THE FUNDS. AS ONE EXAMPLE, IN CONNECTION WITH CERTAIN BRIDGE LOANS MADE BY FUND I, RESPONDENTS RECEIVED HUNDREDS OF THOUSANDS OF DOLLARS IN "FEES" FOR PROVIDING LITTLE OR NO SERVICES.

AS A RESULT OF THE CONDUCT, RESPONDENT JTF AND ITS CEO WILLFULLY AIDED AND ABETTED AND CAUSED THE ADVISER'S AND THE MANAGER'S VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/22/2013

Docket/Case Number: 3-15255

Principal Product Type: Other

Other Product Type(s): HEDGE FUNDS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 12/05/2013



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 \$500,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

THE COMMISSION DEEMED IT APPROPRIATE, IN THE PUBLIC INTEREST, AND FOR THE PROTECTION OF INVESTORS TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENTS' OFFER. ACCORDINGLY, PURSUANT TO SECTIONS 15(B)(4) AND 15(B)(6) OF THE EXCHANGE ACT, SECTION 203(K) OF THE ADVISERS ACT, AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT, IT IS HEREBY ORDERED THAT RESPONDENTS SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) OF THE ADVISERS ACT. RESPONDENTS ARE CENSURED. RESPONDENT JTF SHALL PAY CIVIL PENALTIES OF \$500,000.

Regulator Statement

JTF AND ITS CEO SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER THEM AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, JTF AND ITS CEO CONSENT TO THE ENTRY OF THE ORDER MAKING FINDINGS, IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER, PURSUANT TO SECTIONS 21C, 15(B)(4) AND 15(B)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940("ORDER").

Reporting Source:

Firm

Current Status:

Pending

Allegations:

SEC ADMIN RELEASE 33-9396, 34-69208, IA RELEASE 3571, INVESTMENT COMPANY ACT OF 1940 RELEASE 30435, MARCH 22, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO

SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B)(4), 15(B)(6) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTIONS 203(E), 203(F) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST JOHN THOMAS FINANCIAL, INC. ("JTF"), ITS CHIEF EXECUTIVE OFFICER ("CEO"), ANOTHER INDIVIDUAL, AND HIS INVESTMENT ADVISER FIRM ("ADVISER"). THE DIVISION OF ENFORCEMENT ALLEGES THAT: THE CASE CONCERNS FRAUDULENT CONDUCT BY THE MANAGER OF TWO HEDGE FUNDS (COLLECTIVELY THE "FUNDS"), AND THE FUNDS' UNREGISTERED ADVISER. AS ALLEGED, THE MANAGER ALSO ELEVATED THE INTERESTS OF THE CEO AND JTF OVER THOSE OF THE FUNDS BY STEERING MILLIONS OF DOLLARS IN BLOATED FEES TO JTF. THE MANAGER AND THE ADVISER LAUNCHED FUND I IN 2007 AND FUND II IN 2009. THE FUNDS INVEST IN THREE ASSET CLASSES: BRIDGE LOANS TO START-UP COMPANIES; EQUITY INVESTMENTS PRINCIPALLY IN MICROCAP COMPANIES; AND LIFE SETTLEMENT POLICIES. THE FUNDS' ASSETS UNDER MANAGEMENT PEAKED AT APPROXIMATELY \$30 MILLION AT THE END OF 2011. AMONG OTHER THINGS, THE MANAGER AND THE ADVISER: A. RECORDED ARBITRARY VALUATIONS WITHOUT ANY REASONABLE BASIS FOR CERTAIN OF THE FUNDS' LARGEST HOLDINGS, THUS CAUSING THE FUNDS' PERFORMANCE FIGURES TO BE FALSE AND MISLEADING AND THEIR OWN COMPENSATION TO BE FALSELY INFLATED; B. MARKETED THE FUNDS ON THE BASIS OF FALSE REPRESENTATIONS ABOUT, AMONG OTHER THINGS, THE IDENTITIES OF THEIR AUDITOR AND PRIME BROKER; AND C. BREACHED THEIR FIDUCIARY DUTY OF FULL AND FAIR DISCLOSURE TO THE FUNDS BY FAILING TO DISCLOSE THEIR REPEATED FAVORING OF THE PECUNIARY INTERESTS OF THE CEO OF JTF, AND JTF, WHICH SERVED AS THE FUNDS' PLACEMENT AGENT. WHILE THEY SHARED THE SAME BRAND NAME, THE ADVISER PURPORTED TO BE WHOLLY INDEPENDENT OF JTF (THE PLACEMENT AGENT). NOTWITHSTANDING REPRESENTATIONS THAT HE WAS "RESPONSIBLE FOR ALL OF THE INVESTMENT DECISIONS" OF THE FUNDS, THE MANAGER CAPITULATED TO THE CEO'S AGGRESSIVE DEMANDS REGARDING CERTAIN INVESTMENT DECISIONS. THE ADVISER'S PURPORTED INDEPENDENCE FROM JTF WAS A SHAM DESIGNED TO ENRICH THE CEO AT THE EXPENSE OF THE FUNDS, AND TO INSULATE HIM FROM FUTURE ACCUSATIONS OF WRONGDOING. IN ADDITION TO CAPITULATING TO THE CEO'S DEMANDS REGARDING CERTAIN FUND ACTIVITIES, THE MANAGER AND THE ADVISER ABANDONED THEIR FIDUCIARY DUTY TO THE FUNDS BY NEGOTIATING ARRANGEMENTS WHEREBY BORROWING COMPANIES WOULD DIVERT LARGE FEES TO JTF AND ITS CEO USING PROCEEDS RECEIVED FROM THE FUNDS. FOR EXAMPLE, IN CONNECTION WITH CERTAIN BRIDGE LOANS MADE BY FUND I, THE CEO (ACTING THROUGH



JTF) RECEIVED HUNDREDS OF THOUSANDS OF DOLLARS IN "FEES" FOR PROVIDING LITTLE OR NO SERVICES. THE MANAGER AND THE ADVISER PLACED THE INTERESTS OF THE CEO AND JTF ABOVE THE INTERESTS OF THE FUNDS, THEREBY VIOLATING THE FIDUCIARY DUTY THAT THEY OWED TO THE FUNDS. FOR EXAMPLE, AFTER BEING BERATED BY THE CEO FOR NOT DELIVERING ENOUGH FEES, THE MANAGER PROMISED HIM IN AN EMAIL IN LATE 2009, "WE WILL NEVER RETREAT WE WILL NEVER SURRENDER AND WE WILL ALWAYS TRY TO GET YOU AS MUCH [FEES] AS POSSIBLE, EVERYTIME [SIC] WITHOUT EXCEPTION!" AS A RESULT OF THE CONDUCT, JTF AND ITS CEO WILLFULLY AIDED, ABETTED AND CAUSED THE ADVISER'S AND THE MANAGER'S VIOLATIONS OF SECTIONS 206(1), 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-8 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Date Initiated: 03/28/2013
Docket/Case Number: 3-15255
Principal Product Type: Other
Other Product Type(s): HEDGE FUNDS
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:

Disclosure 6 of 10

Reporting Source: Regulator
Current Status: Final
Allegations: THE TRUE NATURE OF THE HANDLING FEE WAS NOT PROPERLY DISCLOSED BY JOHN THOMAS TO ARKANSAS CLIENTS.
Initiated By: ARKANSAS SECURITIES DEPARTMENT
Date Initiated: 09/25/2012
Docket/Case Number: S-11-0348-12-OR01
URL for Regulatory Action:
Principal Product Type: Equity Listed (Common & Preferred Stock)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)



Other Sanction(s)/Relief Sought: REFUND AND RETURN OF HANDLING FEES TO ARKANSAS CLIENTS

Resolution: Consent

Resolution Date: 09/25/2012

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 \$25,000.00

Other Sanctions Ordered: REFUND AND RETURN OF HANDLING FEES IN THE AMOUNT OF \$17,421.67 TO ARKANSAS CLIENTS

Sanction Details: THE ENTIRE \$25,000 FINE WAS LEVIED AGAINST JOHN THOMAS FINANCIAL WITH NO PORTION OF THE FINE BEING WAIVED.

Reporting Source: Firm

Current Status: Final

Allegations: FEES WERE NOT PROPERLY DISCLOSED

Initiated By: ARKANSAS SECURITIES DEPARTMENT

Date Initiated: 09/25/2012

Docket/Case Number: S-11-0348-12-OR01

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

Other Product Type(s):

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

Other Sanction(s)/Relief Sought: RETURN OF FEES

Resolution: Consent

Resolution Date: 09/25/2012

Sanctions Ordered: Monetary/Fine \$25,000.00

Other Sanctions Ordered: RETURN FEES IN THE AMOUNT OF \$17,421.67



Sanction Details: THE ENTIRE \$25,000 FINE WAS LEVIED AGAINST JOHN THOMAS FINANCIAL WITH NO PORTION OF THE FINE BEING WAIVED.

Disclosure 7 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULE 7450 - JOHN THOMAS FINANCIAL FAILED TO TRANSMIT NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS)IT WAS REQUIRED TO TRANSMIT.

Initiated By: FINRA

Date Initiated: 04/24/2012

Docket/Case Number: 2009018981201

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: 04/24/2012

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 \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000. FINE PAID IN FULL ON MAY 8, 2012.

Reporting Source: Firm



Current Status: Final

Allegations: FINRA RULE 7450 - JOHN THOMAS FINANCIAL FAILED TO TRANSMIT NUMEROUS REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) IT WAS REQUIRED TO TRANSMIT.

Initiated By: FINRA

Date Initiated: 04/24/2012

Docket/Case Number: 2009018981201

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: 04/24/2012

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5,000.

Disclosure 8 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: ON OCTOBER 18, 2011, THE BANKING COMMISSIONER ENTERED A CONSENT ORDER (NO. CO-11-7904-S) WITH RESPECT TO JOHN THOMAS FINANCIAL. THE CONSENT ORDER ALLEGED THAT THE FIRM FAILED TO ESTABLISH, ENFORCE AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO OVERSEE AGENTS ENGAGING IN INACCURATE DISCLOSURE PRACTICES WITH RESPECT TO "HANDLING FEES" CHARGED TO CERTAIN CONNECTICUT CUSTOMERS BETWEEN JULY 2007 TO JULY 2009. THE AGENTS ALLEGEDLY REPRESENTED THAT THE "HANDLING FEE" WAS A TICKET CHARGE ASSESSED BY THE CLEARING FIRM, RATHER THAN REVENUE TO JOHN THOMAS FINANCIAL.



Initiated By: CONNECTICUT
Date Initiated: 10/18/2011
Docket/Case Number: CO-11-7904-S
URL for Regulatory Action:
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: Consent
Resolution Date: 10/18/2011
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: THE CONSENT ORDER FINED JOHN THOMAS FINANCIAL \$20,000 AND DIRECTED THAT THE FIRM CEASE AND DESIST FROM REGULATORY VIOLATIONS. IN ADDITION, THE CONSENT ORDER REQUIRED THAT THE FIRM REIMBURSE AFFECTED CONNECTICUT CUSTOMERS THE DIFFERENCE BETWEEN THE PER TRANSACTION "HANDLING FEE" AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET AND CLEARING CHARGE AND THE POSTAGE FEE ASSESSED BY THE CLEARING FIRM.
Sanction Details: SEE RESPONSE TO ITEM 13.B.

Reporting Source: Firm
Current Status: Final
Allegations: ON OCTOBER 18, 2011, A CONSENT ORDER WAS ENTERED BASED ON FINDINGS, WHICH THE FIRM NEITHER ADMITTED NOR DENIED THEREIN, THAT THE FIRM FAILED TO ESTABLISH, ENFORCE AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO MAKE SURE THAT FIRM AGENTS PROPERLY DISCLOSED THE HANDLING FEE CHARGED TO



CONNECTICUT CUSTOMERS.

Initiated By: STATE OF CONNECTICUT

Date Initiated: 10/18/2011

Docket/Case Number: CO-11-7904-S

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: Consent

Resolution Date: 10/18/2011

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

Other Sanctions Ordered: THE CONSENT ORDER FINED JOHN THOMAS FINANCIAL \$20,000 AND DIRECTED THAT THE FIRM CEASE AND DESIST FROM REGULATORY VIOLATIONS. IN ADDITION, THE CONSENT ORDER REQUIRED THAT THE FIRM REIMBURSE AFFECTED CONNECTICUT CUSTOMERS THE DIFFERENCE BETWEEN THE PER TRANSACTION "HANDLING FEE" AND THE ACTUAL AMOUNT OF THE FIRM'S TICKET AND CLEARING CHARGE AND THE POSTAGE FEE ASSESSED BY THE CLEARING FIRM.

Sanction Details: DISPOSITION RESULTED IN A \$20,000.00 FINE. IN ADDITION, THE CONSENT ORDER REQUIRED THAT THE FIRM REIMBURSE AFFECTED CONNETICUT CUSTOMERS.

Disclosure 9 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: SECURITIES EXCHANGE ACT RULE 10B-10 AND 17A-3, FINRA RULE 2010 AND 3130, NASD RULE 1017, 2110, 2430, 3010, 3012, 3013, 3070, 3110: FROM AT LEAST JANUARY 2008 THROUGH THE PRESENT, THE MEMBER FIRM HAS CHARGED ITS CUSTOMERS AS MUCH AS \$75 AS A HANDLING FEE IN ADDITION TO COMMISSION ON EACH TRANSACTION PLACED AT THE FIRM. THE HANDLING FEE CHARGE BY THE FIRM WAS NOT REASONABLE BECAUSE IT WAS EFFECTIVELY THE SAME AS A COMMISSION TO THE FIRM AND THE AMOUNT OF THE FEE WAS NOT REASONABLY RELATED TO

ANY DIRECT HANDLING-RELATED SERVICES PERFORMED BY THE FIRM, OR HANDLING-RELATED EXPENSES INCURRED BY THE FIRM, IN PROCESSING THE TRANSACTION. THE FIRM IMPROPERLY AND INACCURATELY CHARACTERIZED THE CHARGE AS A HANDLING FEE ON CUSTOMER TRADE CONFIRMATIONS AND AS A TRADE CONFIRMATION (POSTAGE AND HANDLING) FEE ON FEE SCHEDULES. IN ADDITION, AT VARIOUS JUNCTURES IN 2009 AND 2010, THE FIRM'S NUMBER OF SALES PERSONNEL MATERIALLY EXCEEDED THE AMOUNT IT WAS PERMITTED TO HAVE UNDER THE FIRM'S VARIOUS MEMBERSHIP AGREEMENTS IN PLACE WITH FINRA DURING THIS PERIOD AND THE FIRM FAILED TO OBTAIN REQUISITE APPROVAL FROM FINRA TO EFFECT SUCH MATERIAL CHANGES IN ITS BUSINESS OPERATIONS. FURTHER, AT VARIOUS TIMES FROM 2007 THROUGH 2010, THE FIRM WAS DEFICIENT IN A NUMBER OF OTHER COMPLIANCE AREAS, INCLUDING COMPLAINT REPORTING, SUPERVISORY CONTROLS AND CERTIFICATIONS, BRANCH OFFICE SUPERVISION AND RECORDKEEPING.

Initiated By: FINRA

Date Initiated: 09/07/2011

Docket/Case Number: [2009016304801](#)

Principal Product Type: Other

Other Product Type(s): N/A

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/07/2011

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 \$275,000.00

Other Sanctions Ordered: UNDERTAKINGS - REFRAIN FROM UTILIZING THE SAFE HARBORS FOR BUSINESS EXPANSIONS FOR INCREASING ITS NUMBER OF ASSOCIATED PERSONS INVOLVED IN SALES FOR A PERIOD OF 30 MONTHS AND IMPLEMENT CORRECTIVE ACTION TO REMEDY THE HANDLING



FEE-RELATED VIOLATIONS. SUCH CORRECTIVE ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO: (1) IDENTIFYING AS COMMISSIONS OR MARK-UPS (MARK-DOWNS), ALL TRANSACTION-BASED REMUNERATION, AND ANY OTHER FEES WHICH DO NOT CONSTITUTE REASONABLE FEES; (2) FOR ANY CHARGES OR FEES FOR SERVICES, FULLY AND ACCURATELY DISCLOSING ON CONFIRMATIONS, THE SPECIFIC SERVICE PERFORMED OR TO BE PERFORMED OR THE SPECIFIC USE, AND THE AMOUNT OF THE FEE PAID OR TO BE PAID IN CONNECTION WITH EACH SERVICE OR USE, AND RETAINING DETAILED RECORDS TO SUBSTANTIATE SUCH SERVICES AND USES AND THE FEE AMOUNTS; AND (3) REVISING THE FIRM'S WRITTEN SUPERVISORY PROCEDURES AND PROVIDE TRAINING TO ADDRESS THIS UNDERTAKING RELATED TO TRANSACTION-BASED REMUNERATION, REASONABLE FEES, THEIR APPROPRIATE DISCLOSURE TO CUSTOMERS, AND RETENTION OF RELATED RECORDS.

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 \$275,000, AND REQUIRED TO CERTIFY THAT THE FIRM HAS IMPLEMENTED CORRECTIVE ACTION TO REMEDY THE HANDLING FEE-RELATED VIOLATIONS.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CHARGING OF UNREASONABLE HANDLING FEES AND IMPROPER AND INACCURATE DISCLOSURE OF SUCH FEES; FAILURE TO OBTAIN FINRA APPROVAL TO EFFECT MATERIAL CHANGE IN BUSINESS OPERATIONS; FAILURE TO REPORT CUSTOMER COMPLAINTS; FAILURE TO IMPLEMENT SUPERVISORY CONTROLS, FAILURE TO MAINTAIN AN ADEQUATE SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES; AND FAILURE TO MAINTAIN BOOKS AND RECORDS.

Initiated By:

FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")

Date Initiated:

09/06/2011

Docket/Case Number:

[2009016304801](#)

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:

CENSURE



Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 09/06/2011

Sanctions Ordered: Censure
Monetary/Fine \$275,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE; FINE OF \$275,000.00 PAID BY METHOD OF INSTALLMENT PAYMENT PLAN ; UNDERTAKING NOT TO USE SAFE HARBOR FOR 30 MONTHS; AND UNDERTAKING TO CERTIFY CORRECTION OF HANDLING FEE RELATED VIOLATIONS FOUND BY FINRA.

Disclosure 10 of 10

Reporting Source: Regulator

Current Status: Final

Allegations: ON JANUARY 4, 2008, CHIEF COMPLIANCE OFFICER MICHAEL MOLINARO, ACTING ON BEHALF OF JOHN THOMAS FINANCIAL (JTF), NEGLIGENTLY AND WITHOUT SCIENTER OR ACTUAL INTENT, FILED AN AMENDED FORM U4 WITH CRD TO REGISTER GREGG LORENZO AS AN AGENT IN THE STATE OF IOWA. DUE TO LORENZO'S PAST REGULATORY HISTORY, IOWA SECURITIES, AS A CONDITION OF REGISTRATION, REQUIRED JTF, THROUGH MOLINARO, NEGLIGENTLY AND WITHOUT SCIENTER OR ACTUAL INTENT, AND LORENZO TO AGREE TO AN ORDER ESTABLISHING HEIGHTENED SUPERVISION OF LORENZO FOR A PERIOD OF TWO YEARS. THE ORDER WAS SIGNED FEBRUARY 7, 2008. MOLINARO AND LORENZO FAILED TO REPORT THE IOWA ORDER ON LORENZO'S FORM U4. ON AUGUST 18, 2008, APPLICATION WAS MADE TO IDAHO TO REGISTER LORENZO AS AN AGENT OF JTF. LORENZO'S FORM U4 OMITTED ANY DISCLOSURE REGARDING THE IOWA ORDER.

Initiated By: IDAHO DEPARTMENT OF FINANCE

Date Initiated: 08/28/2008

Docket/Case Number: 2008-7-11

URL for Regulatory Action:

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: Stipulation and Consent

Resolution Date: 07/16/2009

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: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: JTF AGREED TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$5,000. JTF, MOLINARO AND LORENZO WERE CAUTIONED TO REFRAIN FROM VIOLATING THE IDAHO UNIFORM SECURITIES ACT (2004) AND COMPLY WITH THE ACT AND RULES PROMULGATED THEREUNDER IN THE FUTURE.

Reporting Source: Firm

Current Status: Final

Allegations: ON AUGUST 18, 2008, THE FIRM'S FORMER CHIEF COMPLIANCE DIRECTOR, MICHAEL MOLINARO, NEGLIGENTLY AND WITHOUT SCIENTER OR ACTUAL INTENT, FILED AN APPLICATION WITH THE STATE OF IDAHO TO REGISTER THE FIRM'S FORMER REGISTERED REPRESENTATIVE, GREGG LORENZO, WITHOUT DISCLOSING ON THE FORM U-4 THAT MR. LORENZO WAS SUBJECT TO AN IOWA ORDER PLACING HIM (LORENZO) ON HEIGHTENED SUPERVISION.

Initiated By: IDAHO DEPARTMENT OF FINANCE

Date Initiated: 08/28/2008

Docket/Case Number: 2008-7-11

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: Stipulation and Consent

Resolution Date: 07/16/2009



Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: JTF AGREED TO PAY A CIVIL PENALTY IN THE AMOUNT OF \$5000.00. JTF, MOLINARO AND LORENZO WERE CAUTIONED TO REFRAIN FROM VIOLATING THE IDAHO UNIFORM SECURITIES ACT (2004) AND COMPLY WITH THE ACT AND RULES PROMULGATED THERE UNDER IN THE FUTURE.

Arbitration Award - Award/Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION
Arbitration Forum:	FINRA
Case Initiated:	12/09/2011
Case Number:	11-04358
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$17,210.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/06/2012
Sum of All Relief Awarded:	\$62.50

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	04/05/2012
Case Number:	12-01171



Disputed Product Type: COMMON STOCK; OPTIONS
Sum of All Relief Requested: \$64,072.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/20/2013
Sum of All Relief Awarded: \$132,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 14

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; TRADING DISPUTES-MANIPULATION; TRADING DISPUTES-STOCK LOANS
Arbitration Forum: FINRA
Case Initiated: 06/11/2012
Case Number: [12-01721](#)
Disputed Product Type: COMMON STOCK; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$250,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/20/2015
Sum of All Relief Awarded: \$284,020.83

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 14

Reporting Source: Regulator



Type of Event: ARBITRATION
Allegations:
Arbitration Forum: FINRA
Case Initiated: 12/21/2012
Case Number: [12-04224](#)
Disputed Product Type:
Sum of All Relief Requested: \$157,445.05
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/07/2014
Sum of All Relief Awarded: \$150,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 5 of 14

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 01/11/2013
Case Number: [13-00041](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$780,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/05/2014
Sum of All Relief Awarded: \$915,107.97

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 6 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/06/2013
Case Number:	13-00481
Disputed Product Type:	
Sum of All Relief Requested:	\$190,747.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/29/2014
Sum of All Relief Awarded:	\$250,000.00

There may be a non-monetary award associated with this arbitration.
 Please select the Case Number above to view more detailed information.

Disclosure 7 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	03/22/2013
Case Number:	13-00771
Disputed Product Type:	COMMON STOCK; EXCHANGE-TRADED FUNDS; OTHER TYPES OF



SECURITIES

Sum of All Relief Requested: \$1,787,167.90**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 03/27/2014**Sum of All Relief Awarded:** \$650,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 8 of 14**Reporting Source:** Regulator**Type of Event:** ARBITRATION

Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA**Case Initiated:** 03/27/2013**Case Number:** [13-00830](#)**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS**Sum of All Relief Requested:** \$95,000.00**Disposition:** AWARD AGAINST PARTY**Disposition Date:** 10/17/2014**Sum of All Relief Awarded:** \$75,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 9 of 14**Reporting Source:** Regulator**Type of Event:** ARBITRATION

Allegations: ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-OTHER; OTHER-OTHER

Arbitration Forum: FINRA
Case Initiated: 04/19/2013
Case Number: [13-01112](#)
Disputed Product Type:
Sum of All Relief Requested: \$26,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/20/2014
Sum of All Relief Awarded: \$16,300.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 10 of 14

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 06/05/2013
Case Number: [13-01361](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$48,846.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/04/2014
Sum of All Relief Awarded: \$24,423.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 11 of 14

Reporting Source: Regulator



Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 06/10/2013
Case Number: [13-01599](#)
Disputed Product Type: EXCHANGE-TRADED FUNDS; OPTIONS; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$538,884.35
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/07/2014
Sum of All Relief Awarded: \$485,124.36

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 12 of 14

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: FINRA
Case Initiated: 07/30/2013
Case Number: [13-02188](#)
Disputed Product Type:
Sum of All Relief Requested: \$21,578.42
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/07/2014
Sum of All Relief Awarded: \$36,214.22

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 13 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	09/30/2013
Case Number:	13-02763
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	Unspecified Damages
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/02/2015
Sum of All Relief Awarded:	\$1,250,250.01

There may be a non-monetary award associated with this arbitration.
 Please select the Case Number above to view more detailed information.

Disclosure 14 of 14

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/19/2014
Case Number:	14-00774
Disputed Product Type:	COMMON STOCK; PRIVATE EQUITIES
Sum of All Relief Requested:	Unspecified Damages
Disposition:	AWARD AGAINST PARTY



Disposition Date: 06/15/2015

Sum of All Relief Awarded: \$122,000.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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