

## BrokerCheck Report

# LAWRENCE MICHAEL LABINE

CRD# 1279935

Report #56351-18327, data current as of Thursday, November 5, 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](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).

Thank you for using FINRA BrokerCheck.



## LAWRENCE M. LABINE

CRD# 1279935

### Currently employed by and registered with the following Firm(s):

#### NEWBRIDGE SECURITIES CORPORATION

4300 N. MILLER ROAD, SUITE 200

SCOTTSDALE, AZ 85251

CRD# 104065

Registered with this firm since: 11/10/2010

## Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

### Broker Qualifications

#### This broker is registered with:

- 2 Self-Regulatory Organizations
- 7 U.S. states and territories

#### This broker has passed:

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

### Registration History

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

##### DEWAAY FINANCIAL NETWORK, LLC

CRD# 30767

SCOTTSDALE, AZ

06/2007 - 10/2010

##### ASSOCIATED SECURITIES CORP.

CRD# 12969

SCOTTSDALE, AZ

07/2002 - 06/2007

##### LINSCO/PRIVATE LEDGER CORP.

CRD# 6413

BOSTON, MA

04/1997 - 07/2002

### Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

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

#### The following types of disclosures have been reported:

Type	Count
Regulatory Event	5
Customer Dispute	20
Termination	2
Judgment/Lien	3

### Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>



## Broker Qualifications

### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

**This individual is currently registered with 2 SROs and is licensed in 7 U.S. states and territories through his or her employer.**

### Employment 1 of 1

Firm Name: **NEWBRIDGE SECURITIES CORPORATION**  
 Main Office Address: **5200 TOWN CENTER CIRCLE  
 TOWER 1, SUITE 306  
 BOCA RATON, FL 33486**  
 Firm CRD#: **104065**

SRO	Category	Status	Date
FINRA	General Securities Principal	APPROVED	11/10/2010
FINRA	General Securities Representative	APPROVED	11/10/2010
NASDAQ Stock Market	General Securities Principal	APPROVED	09/15/2011
NASDAQ Stock Market	General Securities Representative	APPROVED	09/15/2011

U.S. State/ Territory	Category	Status	Date
Arizona	Agent	APPROVED	12/22/2010
California	Agent	APPROVED	03/07/2011
Connecticut	Agent	APPROVED	01/31/2011
Minnesota	Agent	APPROVED	01/10/2011
New Mexico	Agent	APPROVED	01/21/2011
New York	Agent	APPROVED	04/28/2011
Oklahoma	Agent	APPROVED	03/07/2011

### Branch Office Locations

**NEWBRIDGE SECURITIES CORPORATION**

## Broker Qualifications



### Employment 1 of 1, continued

4300 N. MILLER ROAD, SUITE 200  
SCOTTSDALE, AZ 85251

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## Broker Qualifications

### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

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

### Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	08/19/1987

### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	05/05/2006

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	07/12/1984
Uniform Investment Adviser Law Examination	Series 65	06/10/1998
Uniform Combined State Law Examination	Series 66	11/26/2002

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).



## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
06/2007 - 10/2010	DEWAAY FINANCIAL NETWORK, LLC	30767	SCOTTSDALE, AZ
07/2002 - 06/2007	ASSOCIATED SECURITIES CORP.	12969	SCOTTSDALE, AZ
04/1997 - 07/2002	LINSCO/PRIVATE LEDGER CORP.	6413	BOSTON, MA
05/1992 - 04/1997	SUNAMERICA SECURITIES, INC.	20068	PHOENIX, AZ
02/1986 - 05/1992	ANCHOR NATIONAL FINANCIAL SERVICES, INC.	5774	
03/1985 - 10/1985	SOUTHMARK FINANCIAL SERVICES, INC.	6518	

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

Employment Dates	Employer Name	Employer Location
11/2010 - Present	NEWBRIDGE SECURITIES	SCOTTSDALE, AZ
10/2001 - Present	PINNACLE WEALTH MANAGEMENT INC	SCOTTSDALE, AZ
12/1991 - Present	FINANCIAL & ESTATE PLANNING INTERNATIONAL	SCOTTSDALE, AZ
06/1986 - Present	LABINE INVESTMENT & BUILDING CO	SCOTTSDALE, AZ
06/2007 - 10/2010	DEWAAY ADVISORY, LLC	CLIVE, IA
06/2007 - 10/2010	DEWAAY FINANCIAL NETWORK, LLC	CLIVE, IA
04/2001 - 10/2007	BLUE EYED PENGUIN LLC	SCOTTSDALE, AZ
06/2002 - 06/2007	ASSOCIATED SECURITIES CORP.	SCOTTSDALE, AZ



## Registration and Employment History

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

- 1) FINANCIAL & ESTATE PLANNING INT'L - INVESTMENT RELATED ; 2) OWNER  
PINNACLE WEALTH MGMT - INVESTMENT RELATED; CONSORTIUM FOR REFERRALS
  - 3) LABINE INVESTMENT & BUILDING CO. - NOT INVESTMENT RELATED
  - 4) LABINE INTERIORS & FINE ARTS - NON-INVESTMENT RELATED BUSINESS DEALING IN INTERIOR DESIGN
  - 5) LABINE INSURANCE SERVICES, LLC: SCOTTSDALE, AZ, OWNER/MEMBER, 9/2008, NOT CURRENTLY AN ACTIVE BUSINESS.
  - 6) BLUE WING, INC.: SCOTTSDALE, AZ, 02/2002, OWNER/CEO, NOT CURRENTLY AN ACTIVE BUSINESS.
  - 7) FEPI II, LLC: SCOTTSDALE, AZ, 5/2015, OWNER/MEMBER, OPERATING COMPANY THAT WILL PAY BILLS. WILL POSSIBLY REPLACE FINANCIAL & ESTATE PLANNING INTERNATIONAL, INC. FOR TAX PURPOSES TO CONVERT FROM C-CORP TO S-CORP.
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## Disclosure Events

### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - A "pending" event involves allegations that have not been proven or formally adjudicated.
    - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - A "final" event has been concluded and its resolution is not subject to change.
  - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

**For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.**

	Pending	Final	On Appeal
Regulatory Event	2	3	0



Customer Dispute	4	16	N/A
Termination	N/A	2	N/A
Judgment/Lien	N/A	3	N/A



## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

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

#### Disclosure 1 of 3

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	ILLINOIS
<b>Sanction(s) Sought:</b>	Other
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	03/09/2007
<b>Docket/Case Number:</b>	0500674
<b>Employing firm when activity occurred which led to the regulatory action:</b>	ASSOCIATED SECURITIES CORP.
<b>Product Type:</b>	Other
<b>Other Product Type(s):</b>	
<b>Allegations:</b>	<ol style="list-style-type: none"> <li>1. RESPONDENT WILL WITHDRAW HIS SALESPERSON REGISTRATION IN THE STATE OF ILLINOIS AND THE RESPONDENT WILL NOT RE-APPLY FOR RE-REGISTRATION FOR A PERIOD OF EIGHTEEN (18) MONTHS.</li> <li>2. RESPONDENT HAS PAID COST ON INVESTIGATION.</li> <li>3. UPON BEING RE-REGISTERED AS A SALESPERSON IN THE STATE OF ILLINOIS THE RESPONDENT WILL PARTICIPATE IN AN ENHANCED AND HEIGHTENED SUPERVISION PROGRAM FOR A PERIOD OF ONE (1) YEAR.</li> </ol>



**Current Status:** Final  
**Resolution:** Consent  
**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No  
**Resolution Date:** 03/09/2007  
**Regulator Statement** IF YOU HAVE ANY FURTHER QUESTIONS PLEASE CONTACT DAN TUNCIK AT 312-793-3384

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**Reporting Source:** Broker  
**Regulatory Action Initiated By:** STATE OF ILLINOIS  
**Sanction(s) Sought:** Other  
**Other Sanction(s) Sought:**  
**Date Initiated:** 10/26/2006  
**Docket/Case Number:** 0500674  
**Employing firm when activity occurred which led to the regulatory action:** ASSOCIATED SECURITIES CORP.  
**Product Type:** Other  
**Other Product Type(s):**  
**Allegations:** RESPONDENT'S REGISTRATION AS A SALESPERSON IN THE STATE OF ILLINOIS IS SUBJECT TO REVOCATION PURSUANT TO ILLINOIS SECURITIES LAW.  
**Current Status:** Final  
**Resolution:** Other  
**Resolution Date:** 03/09/2007  
**Sanctions Ordered:** Monetary/Fine \$1,250.00  
**Other Sanctions Ordered:** CONSENT ORDER OF WITHDRAWAL



**Sanction Details:** WITHDRAW REGISTRATION WITHIN 3 DAYS OF ORDER, AND NOT RE-APPLY FOR 18 MONTHS. THE FINE WAS PAID ON 03/09/07, AND NO PORTION WAS WAIVED.

**Broker Statement** NO NEW ISSUES HAVE BEEN RAISED, BUT WAS BASED ON PREVIOUS NASD ACTION. THE REGISTRATION WAS WITHDRAWN PRIOR TO THE ACTION BEING TAKEN BY THE STATE.

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### Disclosure 2 of 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** NASD

**Sanction(s) Sought:**

**Date Initiated:** 12/16/2004

**Docket/Case Number:** [E022002051303](#)

**Employing firm when activity occurred which led to the regulatory action:** LINSKO/PRIVATE LEDGER CORP.

**Product Type:**

**Allegations:** NASD CONDUCT RULES 2110, 2310 RESPONDENT RECOMMENDED AND EFFECTED SECURITIES TRANSACTIONS IN THE ACCOUNTS OF PUBLIC CUSTOMERS WITHOUT HAVING A REASONABLE BASIS FOR BELIEVING THAT THE TRANSACTIONS WERE SUITABLE, BASED UPON CUSTOMERS INVESTMENT OBJECTIVES, FINANCIAL SITUATION AND NEEDS.

**Current Status:** Final

**Resolution:** Decision & Order of Offer of Settlement

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

**Resolution Date:** 11/22/2005

**Sanctions Ordered:** Civil and Administrative Penalty(ies)/Fine(s)  
Requalification  
Suspension

**Regulator Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, LABINE CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE HE IS SUSPENDED FROM ASSOCIATION WITH ANY NASD MEMBER IN ANY CAPACITY FOR 15 BUSINESS DAYS, FINED \$25,000, AND REQUIRED TO REQUALIFY BY EXAM AS A GENERAL SECURITIES REPRESENTATIVE WITHIN 180 DAYS OF THE DATE OF THIS OFFER OF SETTLEMENT. SUSPENSION EFFECTIVE DECEMBER 19, 2005, TO JANUARY 6, 2006. FINES PAID.

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**Reporting Source:** Broker

**Regulatory Action Initiated By:** NASD, INC.

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 12/16/2004

**Docket/Case Number:** C3A040045

**Employing firm when activity occurred which led to the regulatory action:** LINSKO/PRIVATE LEDGER

**Product Type:** Other

**Other Product Type(s):** UNSPECIFIED SECURITIES

**Allegations:** NASD CONDUCT RULES 2110, 2310 - LAWRENCE LABINE MADE A SERIES OF UNSUITABLE RECOMMENDATIONS TO FIVE PUBLIC CUSTOMERS, WHICH RESULTED IN SIGNIFICANT LOSSES TO EACH OF THE CUSTOMERS. LABINE'S RECOMMENDATIONS WERE UNSUITABLE GIVEN THE FINANCIAL SITUATIONS AND NEEDS OF THE CUSTOMERS.

**Current Status:** Final

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 11/22/2005

**Sanctions Ordered:** Monetary/Fine \$25,000.00  
Suspension

**Other Sanctions Ordered:**

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### Disclosure 3 of 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** SECURITIES DIVISION, ARIZONA CORPORATION COMMISSION

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 11/17/1989

**Docket/Case Number:** S-2668-I

**Employing firm when activity occurred which led to the regulatory action:**

**Product Type:**

**Other Product Type(s):**

**Allegations:** LABINE, A REGISTERED SECURITIES SALESMAN, OFFERED A SECURITY WHICH WAS NOT REGISTERED AND WAS NOT EXEMPT.

**Current Status:** Final

**Resolution:** Order

**Resolution Date:** 02/15/1991

**Sanctions Ordered:** Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** CEASE AND DESIST FROM OFFER OR SALE OF UNREGISTERED SECURITIES.

**Regulator Statement** FROM MAY 2, 1985, LABINE OFFERED A SECURITY IN THE FORM OF A LIMITED PARTNERSHIP UNIT IN PIMA RESORTS LIMITED PARTNERSHIP.

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**Reporting Source:** Broker

**Regulatory Action Initiated By:** THE SECURITIES DIVISION OF THE ARIZONA CORPORATION COMMISSION

**Sanction(s) Sought:**

**Other Sanction(s) Sought:****Date Initiated:** 11/17/1989**Docket/Case Number:** S-2668-I**Employing firm when activity occurred which led to the regulatory action:****Product Type:** Other**Other Product Type(s):** REAL ESTATE PRIVATE PLACEMENT VENTURE**Allegations:** PREVIOUSLY FILED**Current Status:** Final**Resolution:** Order**Resolution Date:** 02/15/1991**Sanctions Ordered:** Cease and Desist/Injunction**Other Sanctions Ordered:**

**Sanction Details:** THAT LARRY LABINE SHOULD REFRAIN IN THE FUTURE TO MAKING AN OFFER OF A SECURITY IN ARIZONA WITHOUT CONFIRMATION THAT THE SECURITY HAS BEEN EITHER (A) REGISTERED BY DESCRIPTION UNDER ARTICLE 6 OF THE SECURITIES ACT OF ARIZONA OR (B) REGISTERED BY QUALIFICATION UNDER ARTICLE 7 OF THE SECURITIES ACT OF ARIZONA OR (C) QUALIFIED FOR EXEMPTION THEREUNDER.

**Broker Statement**

AFTER 5 YEARS AND NO COMPLAINTS AGAINST ME, THOMAS TIMMER, WORKING AT THE TIME FOR THE STATE OF ARIZONA WENT ON A "FISHING TRIP" AND CALLED ME IN TO QUESTION MY KNOWLEDGE OF A ROY HIGGS. HE USED THIS AS A PLATFORM TO ALLEGE IMPROPRIETIES AGAINST ME DUE TO OUR PERSONALITY CONFLICT. AFTER I SPENT \$20,000 IN LEGAL FEES AND A HEARING TOOK PLACE, IT WAS DETERMINED THAT I DROVE TO TUCSON FIVE YEARS HENCE TO DISCUSS A REAL ESTATE VENTURE WITH ONE INDIVIDUAL. THE INDIVIDUAL WASN'T INTERESTED. I SAID OK AND RETURN TO PHOENIX. I HAD TRUSTED THE LAWYERS WHO WERE PAID TO DRAW UP THE REAL ESTATE DOCUMENT HAD QUALIFIED THEM FOR EXEMPTION AS A PRIVATE PLACEMENT.





## Regulatory - Pending

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

### Disclosure 1 of 2

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	FINRA
<b>Sanction(s) Sought:</b>	Other: N/A
<b>Date Initiated:</b>	04/29/2015
<b>Docket/Case Number:</b>	<a href="#">2009019605401</a>
<b>Employing firm when activity occurred which led to the regulatory action:</b>	DEWAAY FINANCIAL NETWORK
<b>Product Type:</b>	Other: SENIOR DEBENTURES, PRIVATE SECURITIES, AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS)
<b>Allegations:</b>	LABINE WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT WHILE ASSOCIATED WITH A MEMBER FIRM, LABINE SOLD SENIOR DEBENTURES (SERIES D) ISSUED BY A COMPANY THAT DEVELOPED SOFTWARE FOR REAL ESTATE MANAGEMENT COMPANIES AND MADE FRAUDULENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACT TO CUSTOMERS, IN CONNECTION WITH THE SALE OF SERIES D. AT THE TIME OF THOSE SALES, LABINE WAS RECEIVING REGULAR UPDATES ABOUT THE COMPANY'S POOR FINANCIAL CONDITION FROM SENIOR MANAGEMENT AT THE COMPANY AND THE COMPANY'S LEAD INVESTMENT BANKER, AND HAD ARRANGED TO RECEIVE COMPENSATION AND OTHER VALUABLE CONSIDERATION FROM THE COMPANY SUCH AS A SEAT ON ITS BOARD OF DIRECTORS - FOR MEETING SERIES D FUNDRAISING TARGETS HE HAD ARRANGED WITH THE COMPANY. THIS INFORMATION ABOUT THE COMPANY'S PERILOUS FINANCIAL CONDITION AND LABINE'S PERSONAL INCENTIVE TO SELL SERIES D WAS MATERIAL TO SERIES D INVESTORS, YET LABINE FAILED TO DISCLOSE IT TO THESE CUSTOMERS WHEN HE RECOMMENDED SERIES D TO THEM. THE COMPANY ULTIMATELY FILED FOR BANKRUPTCY, HOWEVER, LABINE MADE FRAUDULENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACT TO CUSTOMERS IN CONNECTION WITH THE SALE OF SECURITIES OF AN ENTITY HE HAD FORMED WITH OTHERS IN AN EFFORT TO ACQUIRE THE ASSETS OF THE COMPANY IN BANKRUPTCY. THESE FRAUDULENT STATEMENTS INCLUDED, AT LEAST, THAT SERIES D INVESTORS WHO



INVESTED IN THE ENTITY HE FORMED WOULD OBTAIN THE RETURN OF THE PRINCIPAL THEY HAD INVESTED IN SERIES D. AS A RESULT OF THE CONDUCT, LABINE WILLFULLY VIOLATED SECTION 10(B) OF THE EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER. THE COMPLAINT ALLEGES THAT ALTERNATIVELY, BY REASON OF THE ABOVE, IN CONNECTION WITH SALES OF SERIES D AND HIS ENTITY'S SECURITIES, LABINE MADE NEGLIGENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS TO CUSTOMERS, AND THEREFORE FAILED TO COMPLY WITH SECTIONS 17(A)(2) AND (A)(3) OF THE SECURITIES ACT OF 1933. THE COMPLAINT ALSO ALLEGES THAT LABINE MADE UNSUITABLE SALES OF NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND OTHER ALTERNATIVE INVESTMENTS, INCLUDING SERIES D AND HIS ENTITY'S SECURITIES, TO CUSTOMERS, WHO WERE ELDERLY AND/OR INEXPERIENCED INVESTORS. LABINE'S RECOMMENDATIONS OF SERIES D, HIS ENTITY'S SECURITIES, REITS, AND OTHER ALTERNATIVE INVESTMENTS TO THE CUSTOMERS WERE UNSUITABLE, GIVEN THAT THE INVESTMENTS WERE ILLIQUID, HARD TO VALUE, COMPLEX AND HIGH RISK. LABINE DID NOT HAVE A REASONABLE BASIS TO BELIEVE THE SECURITIES HE RECOMMENDED WERE SUITABLE IN LIGHT OF THE INVESTMENT OBJECTIVES THESE CUSTOMERS HAD COMMUNICATED TO LABINE AND THEIR OVERALL FINANCIAL CIRCUMSTANCES, INCLUDING NET WORTH, INCOME, RISK TOLERANCE AND INVESTMENT EXPERIENCE. THREE OF THESE CUSTOMERS HAD LIMITED FINANCIAL MEANS AND TWO DID NOT MEET SUITABILITY STANDARDS SPECIFIED IN THE PROSPECTUSES FOR THE NON-TRADED REITS THAT LABINE RECOMMENDED AND SOLD TO THEM. LABINE EARNED HIGH COMMISSIONS FROM THE SALES OF THESE SECURITIES TO HIS CUSTOMERS.

**Current Status:** Pending

**Reporting Source:** Broker

**Regulatory Action Initiated By:** FINRA

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

**Date Initiated:** 04/29/2015

**Docket/Case Number:** [2009019605401](#)



**Employing firm when activity occurred which led to the regulatory action:**

DEWAAY FINANCIAL NETWORK

**Product Type:**

Other: SENIOR DEBENTURES, PRIVATE SECURITIES, AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS)

**Allegations:**

LABINE WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT WHILE ASSOCIATED WITH A MEMBER FIRM, LABINE SOLD SENIOR DEBENTURES (SERIES D) ISSUED BY A COMPANY THAT DEVELOPED SOFTWARE FOR REAL ESTATE MANAGEMENT COMPANIES AND MADE FRAUDULENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACT CUSTOMERS, IN CONNECTION WITH THE SALE OF SERIES D. AT THE TIME OF THOSE SALES, LABINE WAS RECEIVING REGULAR UPDATES ABOUT THE COMPANY'S POOR FINANCIAL CONDITION FROM SENIOR MANAGEMENT AT THE COMPANY AND THE COMPANY'S LEAD INVESTMENT BANKER, AND HAD ARRANGED TO RECEIVE COMPENSATION AND OTHER VALUABLE CONSIDERATION FROM THE COMPANY SUCH AS A SEAT ON ITS BOARD OF DIRECTORS - FOR MEETING SERIES D FUNDRAISING TARGETS HE HAD ARRANGED WITH THE COMPANY. THIS INFORMATION ABOUT THE COMPANY'S PERILOUS FINANCIAL CONDITION AND LABINE'S PERSONAL INCENTIVE TO SELL SERIES D WAS MATERIAL TO SERIES D INVESTORS, YET LABINE FAILED TO DISCLOSE IT TO THESE CUSTOMERS WHEN HE RECOMMENDED SERIES D TO THEM. THE COMPANY ULTIMATELY FILED FOR BANKRUPTCY, HOWEVER, LABINE MADE FRAUDULENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACT TO CUSTOMERS IN CONNECTION WITH THE SALE OF SECURITIES OF AN ENTITY HE HAD FORMED WITH OTHERS IN AN EFFORT TO ACQUIRE THE ASSETS OF THE COMPANY IN BANKRUPTCY. THESE FRAUDULENT STATEMENTS INCLUDED, AT LEAST, THAT SERIES D INVESTORS WHO INVESTED IN THE ENTITY HE FORMED WOULD OBTAIN THE RETURN OF THE PRINCIPAL THEY HAD INVESTED IN SERIES D. AS A RESULT OF THE CONDUCT, LABINE WILLFULLY VIOLATED SECTION 10(B) OF THE EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER. THE COMPLAINT ALLEGES THAT ALTERNATIVELY, BY REASON OF THE ABOVE, IN CONNECTION WITH SALES OF SERIES D AND HIS ENTITY'S SECURITIES, LABINE MADE NEGLIGENT MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS TO CUSTOMERS, AND THEREFORE FAILED TO COMPLY WITH SECTIONS 17(A)(2) AND (A)(3) OF THE SECURITIES ACT OF 1933. THE COMPLAINT ALSO ALLEGES THAT LABINE MADE UNSUITABLE SALES OF NON-TRADED REAL ESTATE INVESTMENT TRUSTS (REITS) AND OTHER ALTERNATIVE INVESTMENTS, INCLUDING SERIES D AND HIS ENTITY'S SECURITIES, TO CUSTOMERS, WHO WERE ELDERLY AND/OR INEXPERIENCED INVESTORS. LABINE'S RECOMMENDATIONS OF SERIES D, HIS ENTITY'S SECURITIES, REITS, AND OTHER ALTERNATIVE



INVESTMENTS TO THE CUSTOMERS WERE UNSUITABLE, GIVEN THAT THE INVESTMENTS WERE ILLIQUID, HARD TO VALUE, COMPLEX AND HIGH RISK. LABINE DID NOT HAVE A REASONABLE BASIS TO BELIEVE THE SECURITIES HE RECOMMENDED WERE SUITABLE IN LIGHT OF THE INVESTMENT OBJECTIVES THESE CUSTOMERS HAD COMMUNICATED TO LABINE AND THEIR OVERALL FINANCIAL CIRCUMSTANCES, INCLUDING NET WORTH, INCOME, RISK TOLERANCE AND INVESTMENT EXPERIENCE. THREE OF THESE CUSTOMERS HAD LIMITED FINANCIAL MEANS AND TWO DID NOT MEET SUITABILITY STANDARDS SPECIFIED IN THE PROSPECTUSES FOR THE NON-TRADED REITS THAT LABINE RECOMMENDED AND SOLD TO THEM. LABINE EARNED HIGH COMMISSIONS FROM THE SALES OF THESE SECURITIES TO HIS CUSTOMERS

**Current Status:**

Pending

**Broker Statement**

THE ALLEGATIONS MAINLY RELATE TO THE DOMIN-8 INVESTMENT I SOLD, THE SERIES D SENIOR SECURED DEBENTURES. DOMIN-8'S PROSPECTUS AND ITS SUBSEQUENT SUPPLEMENTS FULLY DISCLOSED ALL OF THE RELEVANT RISK FACTORS. EVEN IN CHAPTER 11 BANKRUPTCY WHEN ALL OTHER INVESTOR CLASSES WERE WIPED OUT, THE ONLY DOMIN-8 INVESTORS TO RECEIVE A SIGNIFICANT PORTION OF THEIR PRINCIPAL BACK WERE THOSE WHO INVESTED IN THE SERIES D INCLUDING MY CLIENTS. ADDITIONALLY, MY BONDHOLDERS SIGNED PAPERWORK TO REMAIN INVESTED IN THE COMPANY AFTER THEY HAD SHED MOST OF THEIR OTHER DEBT. DOMIN-8 OFFERED WHAT CAN ONLY BE ASSUMED AS A TERRIFIC SERVICE AS IT WAS PURCHASED BY REALPAGE, INC. AND IS NOW PART OF A COMPANY THAT HAS A MARKET CAPITALIZATION IN EXCESS \$1.2 BILLION. I AM DISAPPOINTED AT BEING SINGLED OUT, AS I AM THE ONLY PERSON NAMED BY FINRA ALTHOUGH OTHER CLASSES OF INVESTORS LOST ALL OF THEIR INVESTMENT AMOUNTING TO TENS OF MILLIONS OF DOLLARS SOLD TO THEM BY OTHER ADVISORS. AS OF TODAY, THE REGULATORS HAVE NOT PURSUED ACTION AGAINST OTHER BROKERS WHO SOLD UNSECURED INTERESTS, INCLUDING PREFERRED STOCK, COMMON STOCK, AND UNSECURED BONDHOLDERS, IN THIS COMPANY AND THEIR INVESTORS THAT LOST 100% OF THEIR INVESTMENT.

**Disclosure 2 of 2****Reporting Source:**

Regulator

**Regulatory Action Initiated By:**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Sanction(s) Sought:**

Other: N/A



**Date Initiated:** 07/08/2014

**Docket/Case Number:** 3-15967

**Employing firm when activity occurred which led to the regulatory action:**

**Product Type:** Other: UNSPECIFIED SECURITIES

**Allegations:** SEC ADMIN RELEASES 33-9611, 34-72562; IA RELEASE 40-3873; INVESTMENT COMPANY RELEASE 40-31151, JULY 8, 2014: THE SEC DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(F) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 AGAINST LAWRENCE M. LABINE. AFTER AN INVESTIGATION, THE DIVISION OF ENFORCEMENT ALLEGES THAT LABINE AGGRESSIVELY RECOMMENDED AND SOLD SERIES D DEBENTURES TO HIS CLIENTS FOR A START-UP COMPANY. HE DID NOT DISCLOSE TO HIS CLIENTS THE MATERIAL INFORMATION THAT HIS SALES EFFORTS, INCLUDING HIS ABILITY TO SUCCESSFULLY CLOSE SALES OF THE SERIES D DEBENTURES TO THOSE CLIENTS, WERE CRITICAL TO THE COMPANY'S SOLVENCY. HE ALSO DID NOT DISCLOSE THAT HE HAD A FINANCIAL AND POTENTIAL OWNERSHIP INTEREST IN DOMIN-8 VIA THE WARRANTS. LABINE KNEW THAT THE COMPANY COULD NOT PAY ITS CURRENT OBLIGATIONS WITHOUT HIS SALES EFFORTS, AND THAT ITS MANAGEMENT WAS DEPENDING ON HIS PERSONAL SALES EFFORTS TO CONTINUE OPERATING AND TO AVOID BANKRUPTCY. LABINE DID NOT DISCLOSE THIS MATERIAL INFORMATION TO HIS CLIENTS. LABINE KNEW OR SHOULD HAVE KNOWN THAT HIS CLIENTS WOULD HAVE REGARDED IT AS MATERIAL THAT, BUT FOR HIS ABILITY TO SELL TO THEM THE SERIES D DEBENTURES, THE COMPANY WOULD NOT SURVIVE, AND THAT HE WAS INCENTIVIZED TO AGGRESSIVELY SELL HIS CLIENTS THE DEBENTURES. BECAUSE HE DID NOT DISCLOSE THIS MATERIAL INFORMATION, LABINE'S CLIENTS WERE DEPRIVED OF THE ABILITY TO ASSESS WHETHER THE UNDISCLOSED INFORMATION AFFECTED LABINE'S INDEPENDENCE AND TRUSTWORTHINESS. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LABINE WILLFULLY VIOLATED SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940. LABINE FALSELY REPRESENTED TO HIS CLIENTS THAT THE INVESTMENT WAS SAFE, SECURED, AND THEY WOULD NOT LOSE ANY OF THE MONEY THEY INVESTED IN THE COMPANY, IN CONTRADICTION TO THE RISK DISCLOSURES IN THE PRIVATE



PLACEMENT MEMORANDUM AND SUPPLEMENTS. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LABINE WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT, SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER.

**Current Status:**

Pending

**Regulator Statement**

IT IS ORDERED THAT AN ADMINISTRATIVE LAW JUDGE SHALL ISSUE AN INITIAL DECISION NO LATER THAN 300 DAYS FROM THE DATE OF SERVICE OF THIS ORDER, PURSUANT TO RULE 360(A)(2) OF THE COMMISSION'S RULES OF PRACTICE.

**Reporting Source:**

Broker

**Regulatory Action Initiated**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**By:****Sanction(s) Sought:****Date Initiated:**

07/08/2014

**Docket/Case Number:**

3-15967

**Employing firm when activity occurred which led to the regulatory action:**

DEWAAY FINANCIAL NETWORK, INC. AND DEWAAY ADVISORY, LLC

**Product Type:**

Other: UNSPECIFIED SECURITIES

**Allegations:**

SEC ADMIN RELEASES 33-9611, 34-72562; IA RELEASE 40-3873; INVESTMENT COMPANY RELEASE 40-31151, JULY 8, 2014: THE SEC DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(F) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 AGAINST LAWRENCE M. LABINE. AFTER AN INVESTIGATION, THE DIVISION OF ENFORCEMENT ALLEGES THAT LABINE AGGRESSIVELY RECOMMENDED AND SOLD SERIES D DEBENTURES TO HIS CLIENTS FOR A START-UP COMPANY. HE DID NOT DISCLOSE TO HIS CLIENTS THE MATERIAL INFORMATION THAT HIS SALES EFFORTS, INCLUDING HIS ABILITY TO SUCCESSFULLY CLOSE SALES OF THE SERIES D DEBENTURES TO THOSE CLIENTS, WERE CRITICAL TO THE COMPANY'S SOLVENCY. HE ALSO DID NOT DISCLOSE THAT HE HAD A FINANCIAL AND POTENTIAL OWNERSHIP INTEREST IN DOMIN-8 VIA THE WARRANTS. LABINE KNEW THAT THE COMPANY COULD NOT PAY ITS CURRENT OBLIGATIONS



WITHOUT HIS SALES EFFORTS, AND THAT ITS MANAGEMENT WAS DEPENDING ON HIS PERSONAL SALES EFFORTS TO CONTINUE OPERATING AND TO AVOID BANKRUPTCY. LABINE DID NOT DISCLOSE THIS MATERIAL INFORMATION TO HIS CLIENTS. LABINE KNEW OR SHOULD HAVE KNOWN THAT HIS CLIENTS WOULD HAVE REGARDED IT AS MATERIAL THAT, BUT FOR HIS ABILITY TO SELL TO THEM THE SERIES D DEBENTURES, THE COMPANY WOULD NOT SURVIVE, AND THAT HE WAS INCENTIVIZED TO AGGRESSIVELY SELL HIS CLIENTS THE DEBENTURES. BECAUSE HE DID NOT DISCLOSE THIS MATERIAL INFORMATION, LABINE'S CLIENTS WERE DEPRIVED OF THE ABILITY TO ASSESS WHETHER THE UNDISCLOSED INFORMATION AFFECTED LABINE'S INDEPENDENCE AND TRUSTWORTHINESS. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LABINE WILLFULLY VIOLATED SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940. LABINE FALSELY REPRESENTED TO HIS CLIENTS THAT THE INVESTMENT WAS SAFE, SECURED, AND THEY WOULD NOT LOSE ANY OF THE MONEY THEY INVESTED IN THE COMPANY, IN CONTRADICTION TO THE RISK DISCLOSURES IN THE PRIVATE PLACEMENT MEMORANDUM AND SUPPLEMENTS. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, LABINE WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT, SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER.

**Current Status:**

Pending

**Broker Statement**

THE ALLEGATIONS RELATE ENTIRELY ONLY TO THE DOMIN-8 INVESTMENT I SOLD, THE SERIES D SENIOR SECURED DEBENTURES. DOMIN-8'S PROSPECTUS AND ITS SUBSEQUENT SUPPLEMENTS FULLY DISCLOSED ALL OF THE RELEVANT RISK FACTORS. EVEN IN CHAPTER 11 BANKRUPTCY WHEN ALL OTHER INVESTOR CLASSES WERE WIPED OUT, THE ONLY DOMIN-8 INVESTORS TO RECEIVE A SIGNIFICANT PORTION OF THEIR PRINCIPAL BACK WERE THOSE WHO INVESTED IN THE SERIES D INCLUDING MY CLIENTS. ADDITIONALLY, MY BONDHOLDERS SIGNED PAPERWORK TO REMAIN INVESTED IN THE COMPANY AFTER THEY HAD SHED MOST OF THEIR OTHER DEBT. DOMIN-8 OFFERED WHAT CAN ONLY BE ASSUMED AS A TERRIFIC SERVICE AS IT WAS PURCHASED BY REALPAGE, INC. AND IS NOW PART OF A COMPANY THAT HAS A MARKET CAPITALIZATION IN EXCESS \$1.2 BILLION. I AM DISAPPOINTED AT BEING SINGLED OUT, AS I AM THE ONLY PERSON NAMED BY THE SEC ALTHOUGH OTHER CLASSES OF INVESTORS LOST ALL OF THEIR INVESTMENT AMOUNTING TO TENS OF MILLIONS OF DOLLARS SOLD TO THEM BY OTHER ADVISORS. AS OF TODAY, THE REGULATORS HAVE NOT PURSUED ACTION AGAINST OTHER BROKERS WHO SOLD UNSECURED INTERESTS, INCLUDING PREFERRED STOCK, COMMON STOCK, AND UNSECURED BONDHOLDERS, IN THIS COMPANY AND THEIR INVESTORS THAT LOST 100% OF THEIR INVESTMENT.







## Customer Dispute - Award/Judgment

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the broker that resulted in an arbitration award or civil judgment for the customer.

### Disclosure 1 of 2

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK
<b>Allegations:</b>	MR. BLUMENTHAL SUBMITTED A WRITTEN CUSTOMER COMPLAINT REGARDING MR. LABINE'S RECOMMENDATION OF CBONQ.
<b>Product Type:</b>	Penny Stock
<b>Alleged Damages:</b>	\$50,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No

### Customer Complaint Information

<b>Date Complaint Received:</b>	06/27/2011
<b>Complaint Pending?</b>	Yes
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK
<b>Allegations:</b>	[CUSTOMER] SUBMITTED A WRITTEN CUSTOMER COMPLAINT REGARDING MR. LABINE'S RECOMMENDATION OF CBONQ.
<b>Product Type:</b>	Penny Stock
<b>Alleged Damages:</b>	\$50,000.00



Is this an oral complaint? No  
 Is this a written complaint? Yes  
 Is this an arbitration/CFTC  
 reparation or civil litigation? No

### Customer Complaint Information

Date Complaint Received: 06/27/2011  
 Complaint Pending? No  
 Status: Evolved into Arbitration/CFTC reparation (the individual is a named party)  
 Status Date: 05/29/2013  
 Settlement Amount:  
 Individual Contribution  
 Amount:

### Arbitration Information

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

Docket/Case #: [13-01025](#)  
 Date Notice/Process Served: 05/29/2013  
 Arbitration Pending? No  
 Disposition: Award to Customer  
 Disposition Date: 01/05/2015  
 Monetary Compensation  
 Amount: \$103,068.33  
 Individual Contribution  
 Amount: \$25,767.09

### Broker Statement

CLIENT WAS AN ACCREDITED INVESTOR WITH MANY YEARS OF INVESTING EXPERIENCE. THIS IS JUST ONE OF THE MANY INVESTMENTS THAT HE HAD WITH ME AND REPRESENTED LESS THAN 1% OF HIS TOTAL NET WORTH. UNFORTUNATELY, DUE TO THE BANKING CRISIS THAT OUR COUNTRY WENT THROUGH, THIS WAS ONE OF THE BANKS THAT GOT TAKEN OVER BY THE FDIC, WHICH WAS NOT FORESEEN.(COMPENSATORY DAMAGES TOTALED \$50,249.25- MY CONTRIBUTION \$12,562.31, INTEREST AMOUNT \$26,380.86- MY CONTRIBUTION \$6,595.22, FEES/COSTS \$26,213.



22- MY CONTRIBUTION \$6,553.30, REIMBURSE FILING FEE \$225.00- MY CONTRIBUTION \$56.26)

## Disclosure 2 of 2

**Reporting Source:** Regulator

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, INC.,

**Allegations:** BREACH OF FIDUCIARY DUTY - SUITABILITY; NEGLIGENCE; COMMON LAW FRAUD;

**Product Type:** Equity Listed (Common & Preferred Stock)  
Other: ANNUITY, AND MONEY SHARES

**Alleged Damages:** \$398,000.00

## Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** [FINRA - CASE #10-00640](#)

**Date Notice/Process Served:** 02/09/2010

**Arbitration Pending?** No

**Disposition:** Award

**Disposition Date:** 01/20/2011

**Disposition Detail:** RESPONDENT LAWRENCE MICHAEL LABINE A/K/A LARRY LABINE IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY CLAIMANT COMPENSATORY DAMAGES IN THE AMOUNT OF \$100,000.00. CLAIMANT SHALL MAKE AN ASSIGNMENT OF ANY BANKRUPTCY PROCEEDS THAT MAY BE DUE AND PAID TO CLAIMANT ON AN "IN CASE OF BANKRUPTCY INVESTMENT" TO RESPONDENT LAWRENCE MICHAEL LABINE A/K/A LARRY LABINE.

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF CALIFORNIA LAWS.



**Product Type:** Annuity-Variable  
Direct Investment-DPP & LP Interests  
Equity Listed (Common & Preferred Stock)  
Mutual Fund

**Alleged Damages:** \$598,000.00

**Alleged Damages Amount Explanation (if amount not exact):** APPROXIMATE AMOUNT.

### Arbitration Information

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

**Docket/Case #:** [10-00640](#)

**Date Notice/Process Served:** 03/12/2010

**Arbitration Pending?** No

**Disposition:** Award to Customer

**Disposition Date:** 01/20/2011

**Monetary Compensation Amount:** \$100,000.00

**Individual Contribution Amount:** \$100,000.00

### Firm Statement

[CUSTOMER] VS. DEWAAY FINANCIAL NETWORK & LAWRENCE LABINE (CASE NO. 10-00640). ARBITRATION AWARD - RESPONDENTS DEWAAY & LABINE SHALL PAY CLAIMANT [CUSTOMER] \$100,000. CLAIMANT [CUSTOMER] SHALL ASSIGN PROCEEDS FROM DOMIN-8 TO RESPONDENT DEWAAY & LABINE. CLAIMANT'S PUNITIVE DAMAGES AND ATTORNEY FEES REQUEST WAS DENIED.

ONE OF THREE ARBITRATORS FILED A DISSENT TO THE PANEL'S DECISION AND WAS OF THE MINORITY OPINION THAT CLAIMANT SHOULD BE DENIED RELIEF ON ALL CAUSES OF ACTION BASED ON THE FOLLOWING:

1. BEHRINGER HARVARD AND KBS REITS WERE FOUND TO BE REASONABLE INVESTMENTS FOR THE CLAIMANT.
2. FOLLOWING THAT LOGIC, DOMIN-8 APPEARED TO BE A REASONABLE INVESTMENT AT THE TIME. THOUGH HIGH RISK, THE INVESTMENT OFFERED AN ATTRACTIVE INTEREST RATE RETURN, WARRANTS TO BUY STOCK AND PREFERRED DEBTORS POSITION IN CASE OF BANKRUPTCY.
3. FURTHERMORE, CONFLICTING TESTIMONY BY THE PARTIES SERVED



NOT TO TIP THE BALANCE OF PROOF IN FAVOR OF THE CLAIMANT.

[CUSTOMER] VS. DEWAAY FINANCIAL NETWORK & LAWRENCE LABINE (CASE NO. 10-00640). ARBITRATION AWARD - RESPONDENTS DEWAAY & LABINE SHALL PAY CLAIMANT [CUSTOMER] \$100,000. CLAIMANT [CUSTOMER] SHALL ASSIGN PROCEEDS FROM DOMIN-8 TO RESPONDENT DEWAAY & LABINE. CLAIMANT'S PUNITIVE DAMAGES AND ATTORNEY FEES REQUEST WAS DENIED.

ONE OF THREE ARBITRATORS FILED A DISSENT TO THE PANEL'S DECISION AND WAS OF THE MINORITY OPINION THAT CLAIMANT SHOULD BE DENIED RELIEF ON ALL CAUSES OF ACTION BASED ON THE FOLLOWING:

1. BEHRINGER HARVARD AND KBS REITS WERE FOUND TO BE REASONABLE INVESTMENTS FOR THE CLAIMANT.
2. FOLLOWING THAT LOGIC, DOMIN-8 APPEARED TO BE A REASONABLE INVESTMENT AT THE TIME. THOUGH HIGH RISK, THE INVESTMENT OFFERED AN ATTRACTIVE INTEREST RATE RETURN, WARRANTS TO BUY STOCK AND PREFERRED DEBTORS POSITION IN CASE OF BANKRUPTCY.
3. FURTHERMORE, CONFLICTING TESTIMONY BY THE PARTIES SERVED NOT TO TIP THE BALANCE OF PROOF IN FAVOR OF THE CLAIMANT.

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF CALIFORNIA LAWS.
<b>Product Type:</b>	Annuity-Variable Direct Investment-DPP & LP Interests Equity Listed (Common & Preferred Stock) Mutual Fund
<b>Alleged Damages:</b>	\$398,000.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	APPROXIMATE AMOUNT.
<b>Arbitration Information</b>	
<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA



<b>Docket/Case #:</b>	<a href="#">10-00640</a>
<b>Date Notice/Process Served:</b>	03/12/2010
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Award to Customer
<b>Disposition Date:</b>	01/20/2011
<b>Monetary Compensation Amount:</b>	\$100,000.00
<b>Individual Contribution Amount:</b>	\$100,000.00
<b>Broker Statement</b>	THE AWARD IS JOINTLY WITH DEWAAY FINANCIAL NETWORK, LLC AND LAWRENCE LABINE WITH CLAIMANT ASSIGNING THE PROCEEDS OF HIS BOND LIQUIDATION BACK TO DEWAAY/LABINE.



## Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

### Disclosure 1 of 9

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	10/2008. WRONGFUL CONDUCT, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, NEGLIGENCE AND VIOLATION OF SECURITIES LAWS.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$200,000.00

### Arbitration Information

<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	10-05149
<b>Date Notice/Process Served:</b>	11/22/2010
<b>Arbitration Pending?</b>	Yes

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<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK
<b>Allegations:</b>	CUSTOMERS ALLEGE THAT THEY WERE RECOMMENDED UNSUITABLE REAL ESTATE INVESTMENTS IN 2008.
<b>Product Type:</b>	Real Estate Security Other: REITS
<b>Alleged Damages:</b>	\$200,000.00

### Arbitration Information



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

**Docket/Case #:** 10-05149

**Date Notice/Process Served:** 11/22/2010

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 03/18/2014

**Monetary Compensation Amount:** \$0.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

CUSTOMERS HAVE EXTENSIVE EXPERIENCE IN REAL ESTATE INVESTMENTS OVER THE YEARS. CUSTOMERS UNDERSTOOD THE INVESTMENTS AND RISKS, INCLUDING LACK OF LIQUIDITY, AND SIGNED ALL PAPERWORK ACKNOWLEDGING SUCH. CLIENTS STILL OWN THE LAND ON BOTH OF THESE INVESTMENTS WITHOUT DEBT. AS THESE INVESTMENTS ARE STILL ONGOING, IT IS YET TO BE DETERMINED HOW THEY WILL PERFORM.

**Disclosure 2 of 9**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** 07/2008 - 08/2008. MISMANAGEMENT AND UNSUITABLE INVESTMENT.

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

**Alleged Damages:** \$67,068.00

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** No

**Customer Complaint Information**





**Date Complaint Received:** 01/04/2011  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 03/17/2011  
**Settlement Amount:** \$50,000.00  
**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Broker  
**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC.  
**Allegations:** 07/2008 - 08/2008, MISMANAGEMENT AND UNSUITABLE INVESTMENT.  
**Product Type:** Equity Listed (Common & Preferred Stock)  
**Alleged Damages:** \$67,068.00  
**Is this an oral complaint?** No  
**Is this a written complaint?** Yes  
**Is this an arbitration/CFTC reparation or civil litigation?** No

### Customer Complaint Information

**Date Complaint Received:** 01/04/2011  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 03/17/2011  
**Settlement Amount:** \$50,000.00  
**Individual Contribution Amount:** \$0.00

**Broker Statement** CLIENTS WERE ACCREDITED INVESTORS WITH MANY YEARS OF INVESTING EXPERIENCE. THIS IS JUST ONE OF THE MANY INVESTMENTS THAT THEY HAD WITH ME. UNFORTUNATELY, DUE TO THE BANKING CRISIS THAT OUR COUNTRY WENT THROUGH, THIS WAS ONE OF THE BANKS



THAT GOT TAKEN OVER BY THE FDIC, WHICH WAS NOT FORESEEN.

### Disclosure 3 of 9

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** 2009: CLAIMANT ALLEGES NEGLIGENCE, BREACH OF DUTY, MISREPRESENTATION AND UNSUITABLE INVESTMENT RECOMMENDATIONS.

**Product Type:** Annuity-Variable  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$85,000.00

**Alleged Damages Amount Explanation (if amount not exact):** PLUS ATTORNEY FEES AND INTEREST.

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA- HOUSTON, TEXAS

**Docket/Case #:** 10-04884

**Filing date of arbitration/CFTC reparation or civil litigation:** 10/26/2010

### Customer Complaint Information

**Date Complaint Received:** 11/08/2010

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 06/01/2011

**Settlement Amount:** \$35,000.00



**Individual Contribution Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** 2009: CLAIMANT ALLEGES NEGLIGENCE, BREACH OF DUTY, MISREPRESENTATION AND UNSUITABLE INVESTMENT RECOMMENDATIONS.

**Product Type:** Annuity-Variable  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$85,000.00

**Alleged Damages Amount Explanation (if amount not exact):** PLUS ATTORNEY FEES AND INTEREST.

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA- HOUSTON, TEXAS

**Docket/Case #:** 10-04884

**Filing date of arbitration/CFTC reparation or civil litigation:** 10/26/2010

### Customer Complaint Information

**Date Complaint Received:** 11/08/2010

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 05/23/2011

**Settlement Amount:** \$35,000.00



**Individual Contribution Amount:** \$0.00

**Broker Statement** CLIENT WAS AN ACCREDITED INVESTOR WITH MANY YEARS OF INVESTING EXPERIENCE. CLIENT UNDERSTOOD THE RISKS OF THE INVESTMENTS AND SIGNED PAPERWORK ACKNOWLEDGING SUCH.

#### Disclosure 4 of 9

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** CLAIMANT ALLEGING WRONGFUL CONDUCT, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACTS.

**Product Type:** Direct Investment-DPP & LP Interests

**Alleged Damages:** \$281,000.00

**Alleged Damages Amount Explanation (if amount not exact):** PLUS ADDITIONAL FEES.

#### Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 06/30/2011

**Settlement Amount:** \$120,000.00

**Individual Contribution Amount:** \$0.00

#### Arbitration Information

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

**Docket/Case #:** 10-03585

**Date Notice/Process Served:** 08/16/2010



**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 06/30/2011  
**Monetary Compensation Amount:** \$120,000.00  
**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Broker  
**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC  
**Allegations:** CLAIMANT ALLEGING WRONGFUL CONDUCT, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACTS.  
**Product Type:** Direct Investment-DPP & LP Interests  
**Alleged Damages:** \$281,000.00  
**Alleged Damages Amount Explanation (if amount not exact):** PLUS ADDITIONAL FEES.

### Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA  
**Docket/Case #:** 10-03585  
**Date Notice/Process Served:** 08/16/2010  
**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 07/25/2011  
**Monetary Compensation Amount:** \$120,000.00  
**Individual Contribution Amount:** \$0.00  
**Broker Statement** CLIENT IS A SOPHISTICATED, ACCREDITED INVESTOR WITH MANY YEARS



OF INVESTMENT EXPERIENCE. HE TOOK IS TIME IN REVIEWING ALL PROSPECTUSES INCLUDING ADDRESSING THE RISKS AND SIGNED PAPERWORK THAT HE UNDERSTOOD THEM.

#### Disclosure 5 of 9

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF CALIFORNIA LAWS.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$200,000.00
<b>Arbitration Information</b>	
<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	10-03459
<b>Date Notice/Process Served:</b>	09/07/2010
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	11/07/2011
<b>Monetary Compensation Amount:</b>	\$80,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Firm Statement</b>	[CUSTOMER] (CLAIMANT) VS. DEWAAY FINANCIAL NETWORK, LARRY LABINE, [THIRD PARTY] CASE NO. (10-03459). A COMPLAINT WAS MADE, BUT HAS NOW BEEN RESOLVED. WITHOUT ADMITTING LIABILITY DEWAAY FINANCIAL NETWORK AGREES TO PAY \$80,000 AS PAYMENT FOR SETTLEMENT AND RELEASE FROM ALL ACTIONS RELATING TO RESPONDENTS.

**Reporting Source:** Broker



<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF CALIFORNIA LAWS.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$200,000.00
<b>Arbitration Information</b>	
<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	10-03459
<b>Date Notice/Process Served:</b>	09/07/2010
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	11/07/2011
<b>Monetary Compensation Amount:</b>	\$80,000.00
<b>Individual Contribution Amount:</b>	\$0.00

#### Disclosure 6 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	CLIENT REQUESTED RESCISSION OF A TRANSACTION, CLAIMING THE PRODUCT WAS INAPPROPRIATE AND NOT SUITABLE. CLIENT ALSO INDICATED INFORMATION WAS NOT DISCLOSED AT TIME OF SALE. THE TRANSACTION WAS RESCINDED; THE CLIENT WAS RELIEVED OF THEIR POSITION AND RECEIVED A RETURN OF THEIR PRINCIPAL.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$100,000.00
<b>Is this an oral complaint?</b>	No



**Is this a written complaint?** Yes

**Is this an arbitration/CFTC  
reparation or civil litigation?** No

### Customer Complaint Information

**Date Complaint Received:** 12/17/2009

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 12/31/2009

**Settlement Amount:** \$99,877.80

**Individual Contribution  
Amount:** \$0.00

### Disclosure 7 of 9

**Reporting Source:** Firm

**Employing firm when  
activities occurred which led  
to the complaint:** ASSOCIATED SECURITIES CORP, AND DWAAY FINANCIAL NETWORKS, LLC

**Allegations:** UNSUITABLE INVESTMENT IN JUNE 2009 IN REAL ESTATE LIMITED  
PARTNERSHIP.

**Product Type:** Other: REAL ESTATE LIMITED PARTNERSHIP

**Alleged Damages:** \$150,000.00

### Arbitration Information

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

**Docket/Case #:** 09-07157

**Date Notice/Process Served:** 12/31/2009

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 09/21/2010





**Monetary Compensation Amount:** \$295,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** ASSOCIATED SECURITIES CORP. AND THEN DEWAAY FINANCIAL NETWORK

**Allegations:** UNSUITABLE INVESTMENT IN JUNE 2009 IN REAL ESTATE LIMITED PARTNERSHIP.

**Product Type:** Other: REAL ESTATE LIMITED PARTNERSHIP

**Alleged Damages:** \$150,000.00

### Arbitration Information

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

**Docket/Case #:** 09-07157

**Date Notice/Process Served:** 12/31/2009

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 09/21/2010

**Monetary Compensation Amount:** \$295,000.00

**Individual Contribution Amount:** \$0.00

### Disclosure 8 of 9

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** 01/2009 - 02/2009. CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF



THE ARIZONA SECURITIES LAWS.

**Product Type:** Direct Investment-DPP & LP Interests

**Alleged Damages:** \$500,000.00

### Arbitration Information

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

**Docket/Case #:** 09-05771

**Date Notice/Process Served:** 10/19/2009

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 01/06/2011

**Monetary Compensation Amount:** \$175,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** CLAIMANT ALLEGING BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, NEGLIGENCE AND VIOLATION OF ARIZONA SECURITIES LAWS. TIME PERIOD: 01/02/09 - 02/06/09.

**Product Type:** Direct Investment-DPP & LP Interests

**Alleged Damages:** \$500,000.00

**Alleged Damages Amount Explanation (if amount not exact):** IN ADDITION TO PUNATIVE AND EXEMPLARY DAMAGES, PRE AND POST AWARD INTEREST, ARBITRATION EXPENSES, ATTORNEY EXPENSES.

### Arbitration Information



<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	09-05771
<b>Date Notice/Process Served:</b>	10/19/2009
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	01/06/2011
<b>Monetary Compensation Amount:</b>	\$175,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	CLIENT RECEIVED THE PROSPECTUSES, UNDERSTOOD THE RISKS OF THE INVESTMENTS AND SIGNED PAPERWORK ACKNOWLEDGING SUCH. MOST OF HIS INVESTMENTS HAVE LIQUIDITY PROVISIONS IF HE DESIRES.

#### Disclosure 9 of 9

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK, LLC #30767 & ASSOCIATED SECURITIES CORP #12969
<b>Allegations:</b>	UNSUITABLE SECURITIES RECOMMENDATIONS AND BREACH OF FIDUCIARY DUTY. FEBRUARY 28, 2007 (BD CRD# 12969; ASSOCIATED)- INVESTMENT WITH FLORIDA CAPITAL REAL ESTATE PARTNERS 27. JUNE 20, 2007 (BD CRD# 12969; ASSOCIATED)- WELLS REAL ESTATE INVESTMENT TRUST II, INC. OCTOBER 8, 2007 (BD CRD# 30767; DEWAAY)- INLAND AMERICAN REAL ESTATE TRUST. DECEMBER 17, 2007 (BD CRD# 30767; DEWAAY)- DBSI HERNANDO SOUTH, LLC.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$400,000.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	PLUS INTEREST AND LEGAL FEES.

#### Customer Complaint Information

**Date Complaint Received:**



<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	06/22/2010
<b>Settlement Amount:</b>	\$150,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Arbitration Information</b>	
<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	09-04928
<b>Date Notice/Process Served:</b>	09/03/2009
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Withdrawn
<b>Disposition Date:</b>	06/22/2010
<b>Monetary Compensation Amount:</b>	\$150,000.00
<b>Individual Contribution Amount:</b>	\$0.00
<b>Broker Statement</b>	THE BROKER DEALER BOUGHT BACK THE THREE INVESTEMENTS. CLAIMANT WITHDREW THE MATTER AS TO THE REPRESENTATIVE AND HE DID NOT CONTRIBUTE TO THE SETTLEMENT.



## Customer Dispute - Closed-No Action/Withdrawn/Dismissed/Denied

This type of disclosure event involves (1) a consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the individual broker that was dismissed, withdrawn, or denied; or (2) a consumer-initiated, investment-related written complaint containing allegations that the broker engaged in sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities, which was closed without action, withdrawn, or denied.

### Disclosure 1 of 5

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** LINSKO / PRIVATE LEDGER CORP.

**Allegations:** CUSTOMERS ALLEGE THAT REPRESENTATIVE RECOMMENDED UNSUITABLE AND HIGH RISK INVESTMENTS, RESULTING IN MARKET LOSSES.

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

**Other Product Type(s):** VARIABLE ANNUITY

**Alleged Damages:** \$500,000.00

### Customer Complaint Information

**Date Complaint Received:** 04/30/2003

**Complaint Pending?** No

**Status:** Withdrawn

**Status Date:** 11/14/2003

**Settlement Amount:**

### Individual Contribution Amount:

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** LINSKO/PRIVATE LEDGER CORP.

**Allegations:** CUSTOMERS ALLEGE THAT REPRESENTATIVE RECOMMENDED UNSUITABLE AND HIGH RISK INVESTMENT, RESULTING IN MARKET LOSSES.

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



**Other Product Type(s):** VARIABLE ANNUITY

**Alleged Damages:** \$500,000.00

### Customer Complaint Information

**Date Complaint Received:** 04/30/2003

**Complaint Pending?** No

**Status:** Withdrawn

**Status Date:** 11/14/2003

**Settlement Amount:**

**Individual Contribution Amount:**

### Disclosure 2 of 5

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** LINSICO / PRIVATE LEDGER CORP.

**Allegations:** CUSTOMERS ALLEGE THAT THEY LOST MONEY THROUGH INVESTING IN VARIABLE ANNUITY, AND THAT INVESTMENTS WERE UNSUITABLE FOR THEM. VARIABLE ANNUITY WAS PURCHASED IN NOVEMBER OF 1999.

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

**Alleged Damages:** \$25,430.54

### Customer Complaint Information

**Date Complaint Received:** 04/17/2003

**Complaint Pending?** No

**Status:** Denied

**Status Date:** 05/01/2003

**Settlement Amount:**

**Individual Contribution Amount:**

**Reporting Source:** Broker



**Employing firm when activities occurred which led to the complaint:** LINSICO/PRIVATE LEDGER CORP.

**Allegations:** CUSTOMERS ALLEGE THAT THEY LOST MONEY THROUGH INVESTING IN VARIABLE ANNUITY, AND THAT INVESTMENTS WERE UNSUITABLE FOR THEM. THE VARIABLE ANNUITY WAS PURCHASED IN NOVEMBER OF 1999.

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

**Alleged Damages:** \$25,430.54

### Customer Complaint Information

**Date Complaint Received:** 04/17/2003

**Complaint Pending?** No

**Status:** Denied

**Status Date:** 05/01/2003

**Settlement Amount:**

**Individual Contribution Amount:**

### Disclosure 3 of 5

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** LINSICO / PRIVATE LEDGER CORP.

**Allegations:** CLIENTS MAINTAIN THAT INVESTMENTS IN VARIABLE ANNUITIES (AND SUB ACCOUNTS) AND MUTUAL FUNDS WERE UNSUITABLE AND THAT REP ENGAGED IN UNAUTHORIZED DISCRETIONARY TRADING. REP MAINTAINS THAT ALL INVESTMENTS AND TRADES WERE SUITABLE, AND IN ACCORDANCE WITH CLIENTS? INVESTMENT OBJECTIVES AND RISK TOLERANCE. AS EVIDENCE OF THE CLIENTS? INVESTMENT OBJECTIVES, CLIENT PRIVATELY OWNED A GROWTH FUND INVESTMENT FOR OVER THIRTY YEARS (REPRESENTATIVE DID NOT ADVISE THEM ON THIS INVESTMENT). CLIENTS DID NOT SELL IT DURING THE MARKET DECLINE THAT OCCURRED IN 2000-2001, EVEN THROUGH THE VALUE DECLINED OVER 60% DURING THAT TIME. REP FURTHER MAINTAINS THAT ALL TRADES WERE AUTHORIZED AND THAT HE PROVIDED CUSTOMERS WITH FULL AND COMPLETE INFORMATION CONCERNING ALL INVESTMENTS.

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



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

**Alleged Damages:** \$237,000.00

### Customer Complaint Information

**Date Complaint Received:** 10/16/2001

**Complaint Pending?** No

**Status:** Withdrawn

**Status Date:** 12/07/2001

**Settlement Amount:**

**Individual Contribution Amount:**

#### Broker Statement

IN ADDITION TO THE ABOVE INFORMATION, REPRESENTATIVE MAINTAINS THAT THE CLIENTS DID NOT REALLOCATE THEIR SUB ACCOUNTS OR MUTUAL FUND INVESTMENTS, DESPITE THAT REPRESENTATIVE'S RECOMMENDATIONS THAT THEY DO SO. THE REPRESENTATIVE DID NOT HAVE DISCRETION, CONTROL, OR THE ABILITY TO MAKE ANY REALLOCATING TRADES WHILE THE MARKET WAS DROPPING. ALTHOUGH THE REPRESENTATIVE SENT NUMEROUS LETTERS TO THE CLIENTS RECOMMENDING REALLOCATION, THE CLIENTS DECLINED TO FOLLOW THAT ADVICE AND INSTEAD REMAINED INVESTED, RESULTING IN DECLINED VALUES. FURTHERMORE, UPON THE DEATH OF CLIENT, CUSTOMER'S WIFE PROFITED BY OVER \$100,000 ON ACCOUNT OF THE GUARANTEED DEATH BENEFIT FEATURES AFFORDED BY THE ANNUITY CONTRACTS THAT REPRESENTATIVE HAD OBTAINED FOR THE CLIENTS. THE CLIENTS SUBSEQUENTLY DECIDED TO WITHDRAW THEIR CLAIMS AGAINST THE REPRESENTATIVE.

#### Disclosure 4 of 5

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** LINSICO / PRIVATE LEDGER CORP.

**Allegations:** CUSTOMER ALLEGE THAT INVESTMENTS AND MUTUAL FUND TRADES IN HIS ADVISORY ACCOUNTS WERE INAPPROPRATE. REPRESENTATIVE MAINTAINS THAT ALL INVESTMENTS WERE SUITABLE AND APPROPRIATE, AND THAT TRADES WERE PLACED AT CERTAIN TIMES GIVEN CHANGING MARKET CONDITIONS AND THE CUSTOMER'S INVESTMENTS OBJECTIVE. LABINE ALSO RESPONDES THAT ANY DECLINE IN VALUE AND INVESTMENT





WAS A RESULT IN MARKET CLOSURE IN 2001.

**Product Type:** Mutual Fund(s)  
**Alleged Damages:** \$6,492.00

### Customer Complaint Information

**Date Complaint Received:** 03/27/2002  
**Complaint Pending?** No  
**Status:** Denied  
**Status Date:** 04/09/2002  
**Settlement Amount:**

**Individual Contribution Amount:**

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**Reporting Source:** Broker  
**Employing firm when activities occurred which led to the complaint:** LINSICO / PRIVATE LEDGER CORP.

**Allegations:** CUSTOMER ALLEGES THAT INVESTMENTS AND MUTUAL FUND TRADES IN HIS ADVISORY ACCOUNTS WERE INAPPROPRIATE. REP MAINTAINS THAT ALL INVESTMENTS WERE SUITABLE AND APPROPRIATE, AND THAT TRADES WERE PLACED AT CERTAIN TIMES GIVEN CHANGING MARKET CONDITIONS AND THE CUSTOMER'S INVESTMENT OBJECTIVE.

**Product Type:** Mutual Fund(s)  
**Alleged Damages:** \$6,492.00

### Customer Complaint Information

**Date Complaint Received:** 03/27/2002  
**Complaint Pending?** No  
**Status:** Denied  
**Status Date:** 04/09/2002  
**Settlement Amount:**

**Individual Contribution Amount:**



## Disclosure 5 of 5

**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:**

**Allegations:** CUSTOMER ALLEGED THAT REP MADE MISREPRESENTATIONS IN CONJUNCTION WITH THE PRUCHASE OF VARIABLE ANNUITIES VERSUS MUTUAL FUNDS. CUSTOMER ALLEGED THAT VARIABLE ANNUITIES WERE UNSUITABLE FOR RETIREMENT ACCOUNTS.

**Product Type:**

**Alleged Damages:**

## Customer Complaint Information

**Date Complaint Received:** 03/26/1998

**Complaint Pending?** No

**Status:** Denied

**Status Date:**

**Settlement Amount:**

**Individual Contribution Amount:**

**Broker Statement** NO SETTLEMENT WAS PAID TO THE CUSTOMER BY THE REP OR FIRM. ALL VARIABLE ANNUITY CONTRACTS WERE SUBSEQUENTLY LIQUIDATED, TWO MONTHS AFTER THE ACCOUNT HAD INCREASED \$72,000, AS PER THE INSTRUCTIONS OF THE CUSTOMER. THE CUSTOMER RECEIVED FULL AND ADEQUATE DISCLOSURE WITH REGARD TO THE PURCHASE OF VARIABLE ANNUITY CONTRACTS VERSUS MUTUAL FUNDS, INCLUDING BUT NOT LIMITED TO EACH VARIABLE ANNUITY PROSPECTUS. THE CUSTOMER SIGNED NUMEROUS FORMS DISCLOSING THE PURCHASE OF A VARIABLE ANNUITY SUCH AS VARIABLE ANNUITY APPLICATIONS, PROSPECTUS RECEIPTS, VARIABLE ANNUITY TRANSFER REQUESTS. IN CONCLUSION, THE CUSTOMER WAS



FULLY AWARE THAT SHE HAD PURCHASED VARIABLE ANNUITIES AND NOT  
MUTUAL FUNDS.



## Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities.

### Disclosure 1 of 4

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	DEWAAY FINANCIAL NETWORK
<b>Allegations:</b>	CUSTOMER ALLEGES THAT SHE WAS RECOMMENDED AN INVESTMENT IN A NON-TRADED REIT, IN WHICH SHE PURCHASED IN 2007 WHICH HAS NOT PERFORMED AS EXPECTED.
<b>Product Type:</b>	Real Estate Security Other: REIT
<b>Alleged Damages:</b>	\$100,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No

### Customer Complaint Information

<b>Date Complaint Received:</b>	12/06/2010
<b>Complaint Pending?</b>	Yes
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	
<b>Broker Statement</b>	THIS IS JUST ONE OF HER INVESTMENTS WITH US. UNFORTUNATELY, DUE TO THE REAL ESTATE MARKET DROP, THIS INVESTMENT IS NOT PERFORMING AS EXPECTED.

### Disclosure 2 of 4

<b>Reporting Source:</b>	Firm
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**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** 09/2008 - 11/2010. MISHANDLING OF CLAIMANTS ACCOUNTS, BREACH OF FIDUCIARY DUTY AND SECURITIES LAW VIOLATIONS.

**Product Type:** Direct Investment-DPP & LP Interests

**Alleged Damages:** \$5,000.00

**Alleged Damages Amount Explanation (if amount not exact):** AMOUNT NOT GIVEN BUT ALLEGED ACCOUNT AMOUNTS EXCEED \$5,000.

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** No

### Customer Complaint Information

**Date Complaint Received:** 03/22/2011

**Complaint Pending?** Yes

**Settlement Amount:**

**Individual Contribution Amount:**

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK

**Allegations:** CUSTOMER ALLEGES THAT THE THEY WERE RECOMMENDED VARIOUS UNSUITABLE PRODUCTS, THAT WERE MISREPRESENTED TO THEM.

**Product Type:** Real Estate Security  
Other: REIT

**Alleged Damages:** \$5,000.00

**Alleged Damages Amount Explanation (if amount not exact):** WHILE NO SPECIFIC CLAIM FOR DAMAGES WAS MADE, THE FIRM MADE A REASONABLE DETERMINATION THAT THE AMOUNT EXCEEDS \$5,000.



Is this an oral complaint? No  
 Is this a written complaint? Yes  
 Is this an arbitration/CFTC reparation or civil litigation? No

### Customer Complaint Information

Date Complaint Received: 03/22/2011

Complaint Pending? Yes

Settlement Amount:

Individual Contribution Amount:

Broker Statement

CLIENTS UNDERSTOOD RISKS OF INVESTMENTS AND SIGNED PAPERWORK ACKNOWLEDGING SUCH. THEY READ PROSPECTUSES AND ATTENDED MEETINGS REGARDING THE INVESTMENTS. MOST INVESTMENTS HAVE LIQUIDITY PROVISIONS IF CLIENTS DESIRE.

### Disclosure 3 of 4

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: DEWAAY FINANCIAL NETWORK, LLC

Allegations: 10/2007 - 05/2009. BREACH OF FIDUCIARY DUTY, MISREPRESENTATION AND OMISSIONS, VIOLATION OF CALIFORNIA SECURITIES LAWS, NEGLIGENCE AND ELDERLY ABUSE.

Product Type: Direct Investment-DPP & LP Interests

Alleged Damages: \$540,000.00

### Arbitration Information

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

Docket/Case #: 11-00938

Date Notice/Process Served: 04/12/2011

Arbitration Pending? Yes



**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** DEWAAY FINANCIAL NETWORK

**Allegations:** THE CUSTOMERS ALLEGE THAT THE REPRESENTATIVE RECOMMENDED VARIOUS UNSUITABLE REIT INVESTMENTS BEGINNING IN 2007.

**Product Type:** Real Estate Security  
Other: REIT

**Alleged Damages:** \$540,000.00

### Arbitration Information

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

**Docket/Case #:** 11-00938

**Date Notice/Process Served:** 04/07/2011

**Arbitration Pending?** No

**Disposition:** Other: EVOLVED INTO CIVIL LITIGATION /CLASS ACTION LAWSUIT (DEFENDANT)

**Disposition Date:** 06/14/2011

### Civil Litigation Information

**Type of Court:** UNITED STATES DISTRICT COURT

**Name of Court:** THE DISTRICT OF ARIZONA

**Location of Court:** THE DISTRICT OF ARIZONA

**Docket/Case #:** CASE2:11-CV-01175-DGC

**Date Notice/Process Served:** 06/14/2011

**Litigation Pending?** Yes

**Broker Statement** CLIENTS DID NOT NEED LIQUIDITY FROM INVESTMENTS AS EXPENSES WERE COVERED BY OTHER SOURCES AND HOME SALE PROCEEDS OF APPROXIMATELY \$489,000. SON IS A REGISTERED REPRESENTATIVE AND WAS ACTIVE IN CLIENT'S INVESTMENTS. MOST INVESTMENTS HAVE LIQUIDITY PROVISIONS IF CLIENTS DESIRE.



#### Disclosure 4 of 4

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	ASSOCIATED SECURITY CORP AND DEWAAY FINANCIAL NETWORK, LLC
<b>Allegations:</b>	CLAIMANT ALLEGES WRONGFUL CONDUCT, BREACH OF FIDUCIARY DUTY, ELDER ABUSE, AND VIOLATION OF STATE AND FEDERAL SECURITIES LAWS.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests Real Estate Security
<b>Alleged Damages:</b>	\$660,000.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	IN ADDITION, LOST OPPORTUNITY COST, COST OF PROCEEDINGS, PUNITIVE DAMAGES, INTEREST, ATTORNEY FEES AND COSTS.
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA- LOS ANGELES, CALIFORNIA
<b>Docket/Case #:</b>	09-05592
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	09/25/2009

#### Customer Complaint Information

<b>Date Complaint Received:</b>	10/12/2009
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	10/20/2010
<b>Settlement Amount:</b>	\$310,000.00





**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** ASSOCIATED SECURITIES CORP.; DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** UNSUITABLE REAL ESTATE INVESTMENTS IN 2006-2008

**Product Type:** Other: REAL ESTATE INVESTMENT TRUST AND REAL ESTATE LIMITED PARTNERSHIP

**Alleged Damages:** \$660,000.00

### Arbitration Information

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

**Docket/Case #:** 09-05592

**Date Notice/Process Served:** 11/24/2009

**Arbitration Pending?** Yes

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** ASSOCIATED SECURITY CORP AND DEWAAY FINANCIAL NETWORK, LLC

**Allegations:** CLIENT ALLEGES WRONGFUL CONDUCT, BREACH OF FIDUCIARY DUTY, ELDER ABUSE, VIOLATION OF STATE AND FEDERAL SECURITIES LAWS.

**Product Type:** Direct Investment-DPP & LP Interests  
Real Estate Security

**Alleged Damages:** \$660,000.00

**Alleged Damages Amount Explanation (if amount not exact):** IN ADDITION, LOST OPPORTUNITY COST, COST OF PROCEEDINGS, PUNATIVE DAMAGES, INTEREST, ATTORNEY FEES AND COSTS.

**Is this an oral complaint?** No



**Is this a written complaint?** Yes  
**Is this an arbitration/CFTC reparation or civil litigation?** Yes  
**Arbitration/Reparation forum or court name and location:** LOS ANGELES, CALIFORNIA  
**Docket/Case #:** 09-05592  
**Filing date of arbitration/CFTC reparation or civil litigation:** 09/25/2009

**Customer Complaint Information**

**Date Complaint Received:** 10/12/2009  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 10/20/2010  
**Settlement Amount:** \$310,000.00  
**Individual Contribution Amount:** \$0.00



## Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

### Disclosure 1 of 2

**Reporting Source:** Firm  
**Employer Name:** DEWAAY FINANCIAL NETWORK LLC  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** ALLEGED VIOLATION OF INVESTMENT RELATED REGULATIONS, RULES OR INDUSTRY STANDARDS OF CONDUCT.  
**Product Type:** Direct Investment-DPP & LP Interests

**Reporting Source:** Firm  
**Employer Name:** DEWAAY FINANCIAL NETWORK, LLC  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** ALLEGED VIOLATION OF INVESTMENT-RELATED REGULATIONS, RULES OR INDUSTRY STANDARDS OF CONDUCT.  
**Product Type:** Direct Investment-DPP & LP Interests

**Reporting Source:** Broker  
**Employer Name:** DEWAAY ADVISORY  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** ALLEGED VIOLATION OF INVESTMENT RELATED REGULATIONS, RULES OR INDUSTRY STANDARDS OF CONDUCT. COMPLAINTS ALLEGE FRAUD.  
**Product Type:** Direct Investment-DPP & LP Interests

### Disclosure 2 of 2



**Reporting Source:** Firm  
**Employer Name:** DEWAAY FINANCIAL NETWORK LLC  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** COMPLAINTS ALLEGE FRAUD  
**Product Type:** Direct Investment-DPP & LP Interests

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**Reporting Source:** Firm  
**Employer Name:** DEWAAY FINANCIAL NETWORK, LLC  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** COMPLAINTS ALLEGE FRAUD  
**Product Type:** Direct Investment-DPP & LP Interests

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**Reporting Source:** Broker  
**Employer Name:** DEWAAY FINANCIAL NETWORK, LLC  
**Termination Type:** Discharged  
**Termination Date:** 10/21/2010  
**Allegations:** COMPLAINTS ALLEGE FRAUD,ALLEGED VIOLATION OF INVESTMENT-RELATED REGULATIONS, RULES OR INDUSTRY STANDARDS OF CONDUCT.  
**Product Type:** Direct Investment-DPP & LP Interests



## Judgment/Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

### Disclosure 1 of 3

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	INTERNAL REVENUE SERVICE
<b>Judgment/Lien Amount:</b>	\$51,598.00
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed:</b>	07/11/2013
<b>Type of Court:</b>	State Court
<b>Name of Court:</b>	MARICOPA COUNTY RECORDER
<b>Location of Court:</b>	MARICOPA COUNTY, ARIZONA
<b>Docket/Case #:</b>	20130631256
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	FIRM LEARNED OF THIS LIEN ON 9/12/2013 AT WHICH TIME THE REP. WAS NOTIFIED. PRIOR TO THIS, THE REP. NEVER RECEIVED ANY NOTICE OF THIS LIEN.

### Disclosure 2 of 3

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	INTERNAL REVENUE SERVICE
<b>Judgment/Lien Amount:</b>	\$11,136.00
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed:</b>	07/11/2013
<b>Type of Court:</b>	State Court
<b>Name of Court:</b>	MARICOPA COUNTY RECORDER
<b>Location of Court:</b>	MARICOPA COUNTY, ARIZONA
<b>Docket/Case #:</b>	20130631255
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	FIRM LEARNED OF THIS LIEN ON 9/12/2013 AT WHICH TIME THE REP. WAS NOTIFIED. PRIOR TO THIS, THE REP. NEVER RECEIVED ANY NOTICE OF



THIS LIEN.

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### Disclosure 3 of 3

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	DEPARTMENT OF THE TREASURY
<b>Judgment/Lien Amount:</b>	\$526,689.54
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed:</b>	03/28/2011
<b>Type of Court:</b>	State Court
<b>Name of Court:</b>	MARLCOPA COUNTY
<b>Location of Court:</b>	PHOENIX, AZ
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Broker Statement</b>	IRS HAS POSTPONED COLLECTION FOR TWO YEARS TO ALLOW FOR RECOVERY AND REBOUND OF MY BUSINESS DUE TO THE FINANCIAL TURMOIL GIVEN THE MARKET CONDITIONS OF THE LAST FEW YEARS.

## End of Report



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