

## BrokerCheck Report

# THE GMS GROUP, LLC

CRD# 8000

Report #54109-79472, data current as of Wednesday, July 6, 2016.

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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.

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**Thank you for using FINRA BrokerCheck.**



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

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



## THE GMS GROUP, LLC

CRD# 8000

SEC# 8-23936

### Main Office Location

5N REGENT STREET STE 513  
LIVINGSTON, NJ 07039-9850  
Regulated by FINRA Woodbridge Office

### Mailing Address

5N REGENT STREET STE 513  
LIVINGSTON, NJ 07039-9850

### Business Telephone Number

973-535-5000

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 limited liability company.

This firm was formed in Delaware on 03/05/1997.

Its fiscal year ends in December.

### 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 firm is registered with:

- the SEC
- 2 Self-Regulatory Organizations
- 52 U.S. states and territories

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

This firm conducts 10 types of businesses.

This firm is not affiliated with any financial or investment institutions.

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

### 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	5
Arbitration	11



## **Firm Profile**

This firm is classified as a limited liability company.

This firm was formed in Delaware on 03/05/1997.

Its fiscal year ends in December.

## **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.

### **THE GMS GROUP, LLC**

**Doing business as THE GMS GROUP, LLC**

**CRD#** 8000

**SEC#** 8-23936

### **Main Office Location**

5N REGENT STREET STE 513  
LIVINGSTON, NJ 07039-9850

**Regulated by FINRA Woodbridge Office**

### **Mailing Address**

5N REGENT STREET STE 513  
LIVINGSTON, NJ 07039-9850

### **Business Telephone Number**

973-535-5000



## Firm Profile

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

### Direct Owners and Executive Officers

<b>Legal Name &amp; CRD# (if any):</b>	GMS GROUP HOLDINGS CORP
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	MEMBER
<b>Position Start Date</b>	08/2003
<b>Percentage of Ownership</b>	75% or more
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	DONOHUE, TIMOTHY JOSEPH 725373
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	SRVP/CROP/EVP/SECRETARY/DIRECTOR/CHIEF COMPLIANCE OFFICER/COO
<b>Position Start Date</b>	09/1985
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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<b>Legal Name &amp; CRD# (if any):</b>	FELDMAN, MELVIN 205924
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, SR VICE PRESIDENT
<b>Position Start Date</b>	08/2003

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

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

**Legal Name & CRD# (if any):** KONSIG, PAUL ROBERT  
500443

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

**Position** DIRECTOR

**Position Start Date** 02/2003

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** KONSIG, PAUL ROBERT  
500443

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

**Position** PRESIDENT, CEO

**Position Start Date** 04/2006

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** KORN, JERRY DAVID

## Firm Profile



### Direct Owners and Executive Officers (continued)

847190

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

**Position** CFO/ TREASURER

**Position Start Date** 07/1988

**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

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**Legal Name & CRD# (if any):** KORN, JERRY DAVID  
847190

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

**Position** DIRECTOR

**Position Start Date** 08/2003

**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

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**Legal Name & CRD# (if any):** KOROSTOFF, DAVID BRUCE  
1205712

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

**Position** DIRECTOR, SR. VICE PRESIDENT

**Position Start Date** 08/2003

**Percentage of Ownership** Less than 5%



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Does this owner direct the management or policies of the firm?** No

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

**Legal Name & CRD# (if any):** MCKENNA, MICHAEL JAMES  
1524460

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

**Position** DIRECTOR, EXECUTIVE VICE PRESIDENT

**Position Start Date** 05/2010

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** PRICE, BARBARA BENEDICT  
17944

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

**Position** DIRECTOR, SR. VICE PRESIDENT

**Position Start Date** 08/2003

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

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

**Legal Name & CRD# (if any):** STEETS, PAUL ANTHONY  
1020787



## Firm Profile



### Direct Owners and Executive Officers (continued)

<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	DIRECTOR, EXECUTIVE VICE PRESIDENT
<b>Position Start Date</b>	08/2003
<b>Percentage of Ownership</b>	Less than 5%
<b>Does this owner direct the management or policies of the firm?</b>	Yes
<b>Is this a public reporting company?</b>	No

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## **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 currently registered with the SEC, 2 SROs and 52 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/03/1979

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	07/13/1979
Nasdaq Stock Market	Approved	07/12/2006



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	08/29/1997	North Carolina	Approved	01/14/1983
Alaska	Approved	05/04/2001	North Dakota	Approved	11/03/2003
Arizona	Approved	05/24/1989	Ohio	Approved	07/13/1983
Arkansas	Approved	03/28/1997	Oklahoma	Approved	12/28/1988
California	Approved	03/28/1997	Oregon	Approved	08/16/1990
Colorado	Approved	01/13/1984	Pennsylvania	Approved	02/21/1989
Connecticut	Approved	08/13/1979	Puerto Rico	Approved	05/08/2001
Delaware	Approved	10/26/1982	Rhode Island	Approved	01/20/1989
District of Columbia	Approved	01/20/1989	South Carolina	Approved	01/25/1989
Florida	Approved	04/27/1983	South Dakota	Approved	09/29/1994
Georgia	Approved	01/02/1990	Tennessee	Approved	11/16/1989
Hawaii	Approved	02/24/2010	Texas	Approved	03/31/1997
Idaho	Approved	08/10/1993	Utah	Approved	08/13/1986
Illinois	Approved	01/24/1989	Vermont	Approved	06/11/2004
Indiana	Approved	02/13/1989	Virginia	Approved	01/09/1989
Iowa	Approved	01/11/1993	Washington	Approved	09/30/1992
Kansas	Approved	05/27/1986	West Virginia	Approved	06/21/1990
Kentucky	Approved	09/08/1986	Wisconsin	Approved	02/14/1989
Louisiana	Approved	01/11/1989	Wyoming	Approved	05/21/1990
Maine	Approved	02/13/1984			
Maryland	Approved	01/06/1989			
Massachusetts	Approved	02/03/1989			
Michigan	Approved	03/26/1997			
Minnesota	Approved	06/15/2001			
Mississippi	Approved	05/27/1986			
Missouri	Approved	10/23/1989			
Montana	Approved	04/29/1993			
Nebraska	Approved	07/25/1995			
Nevada	Approved	10/17/1989			
New Hampshire	Approved	02/02/1983			
New Jersey	Approved	11/20/1989			
New Mexico	Approved	01/10/1990			
New York	Approved	03/28/1997			



## 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 10 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 dealer

Municipal securities dealer

Broker or dealer selling variable life insurance or annuities

Investment advisory services

Non-exchange member arranging for transactions in listed securities by exchange member

Other - GMS ALSO ENGAGES IN TRANSACTIONS IN THE U.S. GOVERNMENT AGENCIES SECURITIES AND COLLATERALIZED MORTGAGE OBLIGATIONS AND THE SALE OF UNITS OF CERTAIN PUBLIC DIRECT PARTICIPATION PROGRAMS.

#### Other Types of Business

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

This firm does engage in other non-securities business.

Non-Securities Business Description: APPLICANT IS A LICENSED INSURANCE AGENCY AND AS SUCH RECEIVES COMMISSIONS ON THE SALE OF LIFE AND HEALTH INSURANCE AND ANNUITY PRODUCTS.

## Firm Operations



### Clearing Arrangements

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

### Introducing Arrangements

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

**Name:** PERSHING LLC

**CRD #:** 7560

**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

**Effective Date:** 04/28/1998

**Description:** AS OF APRIL 29, 1998, APPLICANT ENTERED INTO AN ARRANGEMENT WITH PERSHING, DIVISION OF DONALDSON, LUFKIN & JENRETTE SECURITIES "PERSHING". APPLICANT IS AN INTRODUCING BROKER TO PERSHING AND PERSHING IS THE CLEARING BROKER FOR BUSINESS INTRODUCED BY BROKER.

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## Firm Operations

### Industry Arrangements



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

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399  
**Effective Date:** 04/28/1998  
**Description:** AS OF APRIL 28, 1998, APPLICANT ENTERED INTO AN ARRANGEMENT WITH PERSHING DIVISION OF DONALDSON, LUFKIN & JENRETTE SECURITIES ("PERSHING"). PERSHING WILL KEEP AND MAINTAIN APPLICANT'S BOOKS AND RECORDS IN CONNECTION WITH EXECUTION AND CLEARING SERVICES PROVIDED BY PERSHING.

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

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399  
**Effective Date:** 04/28/1998  
**Description:** AS OF APRIL 28, 1998, APPLICANT ENTERED INTO AN ARRANGEMENT WITH PERSHING, DIVISION OF DONALDSON, LUFKIN & JENRETTE SECURITIES ("PERSHING"). PERSHING WILL HOLD IN CUSTODY AND MAINTAIN THE ACCOUNTS, FUNDS AND SECURITIES OF APPLICANT.

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

**Name:** PERSHING LLC  
**CRD #:** 7560  
**Business Address:** ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399  
**Effective Date:** 04/28/1998  
**Description:** AS OF APRIL 28, 1998, APPLICANT ENTERED INTO AN ARRANGEMENT WITH PERSHING, DIVISION OF DONALDSON, LUFKIN & JENRETTE SECURITIES ("PERSHING"). PERSHING WILL HOLD IN CUSTODY AND MAINTAIN THE ACCOUNTS, FUNDS AND SECURITIES OF APPLICANT'S CUSTOMERS.



## **Firm Operations**



### **Industry Arrangements (continued)**

#### **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 not, 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.

**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.

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	5	0
Arbitration	N/A	11	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:**
  - 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:**
  - 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:**
  - 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 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 5

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT, ACTING THROUGH ITS PRINCIPAL, FAILED TO ADEQUATELY SUPERVISE THE SALES PRACTICES OF A REGISTERED REPRESENTATIVE WHO RECOMMENDED AND ENGAGED IN UNSUITABLE TRADING IN NONTRADITIONAL EXCHANGE TRADED FUNDS IN FOUR CUSTOMER ACCOUNTS, AND EXERCISED DISCRETION WITHOUT HAVING OBTAINED PRIOR WRITTEN AUTHORIZATION IN FOURTEEN CUSTOMER ACCOUNTS. THE PRINCIPAL WAS ASSIGNED BY THE FIRM TO SUPERVISE THE REPRESENTATIVE'S ACTIVITIES AS A REGISTERED REPRESENTATIVE ACTING ON BEHALF OF THE FIRM. THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE NASD AND/OR FINRA RULES IN CONNECTION WITH THE SALE OF NONTRADITIONAL EXCHANGE TRADED FUNDS. THE FIRM ALLOWED THE REPRESENTATIVE TO RECOMMEND AND SELL NONTRADITIONAL EXCHANGE TRADED FUNDS, BUT DID NOT ADOPT ANY SUPERVISORY CONTROLS TO PROPERLY SUPERVISE THESE TRANSACTIONS. IN ADDITION, THE FIRM DID NOT PROVIDE ANY TRAINING TO THE REPRESENTATIVE REGARDING NONTRADITIONAL EXCHANGE TRADED FUNDS. FURTHER, THE FIRM AND THE PRINCIPAL ALLOWED THE REPRESENTATIVE TO EXECUTE 173 PURCHASES OF NON-TRADITIONAL EXCHANGE TRADED FUNDS, EVEN THOUGH THE REPRESENTATIVE DID NOT HAVE A REASONABLE BASIS TO RECOMMEND THESE SECURITIES AND THEY WERE UNSUITABLE FROM A CUSTOMER-SPECIFIC PERSPECTIVE. THE FINDINGS ALSO STATED THAT THE FIRM AND THE PRINCIPAL WERE ON NOTICE OF NUMEROUS RED FLAGS THAT THE REPRESENTATIVE HAD A PROPENSITY TO ENGAGE IN UNSUITABLE TRADING ON BEHALF OF HIS CUSTOMERS. DESPITE THE RED FLAGS, THE FIRM, ACTING THROUGH THE PRINCIPAL, FAILED TO TAKE ADEQUATE STEPS TO SUPERVISE THE REPRESENTATIVE'S SALES ACTIVITIES. INDEED, THE PRINCIPAL ONLY CONTACTED ONE OF THE CUSTOMERS AT ISSUE. DURING THIS CONVERSATION, THE PRINCIPAL DID NOT ASCERTAIN WHETHER THE REPRESENTATIVE WAS EXERCISING DISCRETION IN THE CUSTOMER'S ACCOUNT, DID NOT DISCUSS THE AMOUNT OF COMMISSIONS BEING GENERATED, AND DID NOT COMMUNICATE THE UNIQUE AND SUBSTANTIAL RISKS ASSOCIATED WITH TRADING NONTRADITIONAL EXCHANGE TRADED FUNDS. THE PRINCIPAL NEVER SPOKE WITH THE OTHER CUSTOMERS ABOUT THE ACTIVITY IN THEIR ACCOUNTS, INCLUDING A RETIRED AND UNSOPHISTICATED 70 YEAR OLD INVESTOR WHO ENDURED MORE THAN \$92,000 IN REALIZED LOSSES. THE FINDINGS ALSO INCLUDED THAT THE FIRM, ACTING THROUGH THE PRINCIPAL, DID NOT TAKE ANY STEPS, OTHER THAN SPEAKING WITH THE REPRESENTATIVE, TO ASCERTAIN WHETHER HE WAS EXERCISING DISCRETION WITHOUT WRITTEN AUTHORIZATION IN ANY OF THE FOURTEEN ACCOUNTS AT ISSUE. FOR INSTANCE, THE PRINCIPAL DID NOT



CONTACT ANY OF THE CUSTOMERS INVOLVED, AND HE DID NOT REVIEW PHONE RECORDS TO ENSURE THAT EACH TRANSACTION IN THESE ACTIVE ACCOUNTS WAS BEING APPROVED ON THE SAME BUSINESS DAY AS THE TRADE. FINRA FOUND THAT THE FIRM AND THE PRINCIPAL FAILED TO ENFORCE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES, INCLUDING ENSURING THAT CUSTOMERS' INVESTMENT OBJECTIVES AND RISK TOLERANCE WERE CONSISTENT WITH THE TRANSACTIONS IN THEIR ACCOUNTS AND WERE UPDATED WHEN THERE WAS A CHANGE IN STATUS, INCLUDING EXCHANGE TRADED FUNDS IN TRAINING AND ADEQUATE SUPERVISORY REVIEWS FOR TRANSACTIONS IN NONTRADITIONAL EXCHANGE TRADED FUNDS, AND REVIEWING FOR SUITABILITY FOR TRANSACTIONS IN NONTRADITIONAL EXCHANGE TRADED FUNDS.

**Initiated By:** FINRA

**Date Initiated:** 10/20/2015

**Docket/Case Number:** [2013038756502](#)

**Principal Product Type:** Other

**Other Product Type(s):** NONTRADITIONAL EXCHANGE TRADED FUNDS

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

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

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

**Resolution Date:** 10/20/2015

**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:** Censure  
Monetary/Fine \$75,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$75,000.  
  
FINE PAID IN FULL ON NOVEMBER 16, 2015.



**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** FINRA FOUND THE APPLICANT VIOLATED NASD RULE 3010(A) AND (B) AND FINRA RULE 2010  
**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY  
**Date Initiated:** 09/25/2015  
**Docket/Case Number:** [2013038756502](#)  
**Principal Product Type:** Other  
**Other Product Type(s):** EQUITY TRADED FUNDS  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 10/20/2015  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$75,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** \$75000 FINE PAID UPON RECEIPT OF INVOICE FROM FINRA'S FINANCE DEPARTMENT

#### Disclosure 2 of 5

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** MSRB RULES G-17, G-27, G-32: THE FIRM FAILED TO DELIVER OFFICIAL STATEMENTS BY SETTLEMENT DATE TO NUMEROUS CUSTOMERS WHO PURCHASED NEW ISSUE MUNICIPAL SECURITIES. MSRB RULE G-32(A) REQUIRES, WITH LIMITED EXCEPTIONS, ALL BROKER-DEALERS SELLING A NEW ISSUE MUNICIPAL BOND TO DELIVER A COPY OF THE ISSUE'S OFFICIAL STATEMENT TO THE CUSTOMER ON OR BEFORE SETTLEMENT DATE OF THE PURCHASE. DELIVERY BY SETTLEMENT DATE IS PRESUMED TO HAVE BEEN MADE IF THE OFFICIAL STATEMENT IS PLACED IN THE MAIL AT LEAST THREE BUSINESS DAYS BEFORE SETTLEMENT DATE. A NEW ISSUE MUNICIPAL BOND IS A MUNICIPAL BOND SOLD DURING THE PRIMARY OFFERING DISCLOSURE PERIOD; THE PRIMARY OFFERING



DISCLOSURE PERIOD BEGINS WITH THE FIRST SUBMISSION TO THE UNDERWRITERS OF AN ORDER FOR THE PURCHASE OF OFFERED MUNICIPAL SECURITIES OR THE PURCHASE OF SECURITIES FROM THE ISSUER, WHICHEVER FIRST OCCURS, AND ENDS 25 DAYS AFTER THE FINAL DELIVERY BY THE ISSUER OR ITS AGENT OF ALL SECURITIES OF THE ISSUE TO OR THROUGH THE UNDERWRITING SYNDICATE OR SOLE UNDERWRITER (USUALLY THE ISSUE CLOSING DATE). UNDER RULE G-32, THE OBLIGATION TO DELIVER THE OFFICIAL STATEMENT IS NOT LIMITED TO THE UNDERWRITERS OF THE MUNICIPAL BOND ISSUE. THE OBLIGATION TO DELIVER AN OFFICIAL STATEMENT BY SETTLEMENT DATE APPLIES NOT ONLY TO UNDERWRITERS, SYNDICATE MANAGERS, SYNDICATE MEMBERS, AND SELLING GROUP MEMBERS, BUT ALSO TO FIRMS NOT PARTICIPATING IN THE OFFERING THAT SELL THE MUNICIPAL SECURITIES DURING THE PRIMARY OFFERING PERIOD AND TO SECONDARY MARKET TRANSACTIONS DURING THAT PERIOD. AT VARIOUS TIMES DURING THE PERIOD FROM MAY 8, 2008 THROUGH MAY 24, 2008, THE FIRM FAILED TO DELIVER OFFICIAL STATEMENTS BY SETTLEMENT DATE TO NUMEROUS CUSTOMERS WHO HAD PURCHASED NEW ISSUE MUNICIPAL SECURITIES DURING THE PRIMARY OFFERING DISCLOSURE PERIOD. IN ALL OF THESE TRANSACTIONS, THE FIRM WAS NEITHER AN UNDERWRITER, NOR PART OF THE UNDERWRITING SYNDICATE. HOWEVER, MSRB RULE G-32 REQUIRED THE FIRM TO DELIVER AN OFFICIAL STATEMENT TO EACH CUSTOMER BY THE SETTLEMENT DATE. MSRB RULE G-27(A) REQUIRES BROKER-DEALERS TO SUPERVISE THE CONDUCT OF THEIR MUNICIPAL SECURITIES ACTIVITIES AND TO ENSURE COMPLIANCE WITH MSRB RULES. MSRB RULE G-27(C) REQUIRES EACH BROKER-DEALER TO ADOPT, MAINTAIN AND ENFORCE WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE THAT THE CONDUCT OF MUNICIPAL SECURITIES ACTIVITIES IS IN COMPLIANCE WITH MSRB RULES. THE FIRM'S WRITTEN POLICIES AND PROCEDURES AND INTERNAL COMPLIANCE REVIEW PROCEDURES SHOULD CLEARLY ADDRESS NEW ISSUE MUNICIPAL SECURITIES RELATING TO MSRB RULE G-32. FROM MAY 8, 2008 THROUGH MAY 24, 2008, THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES PERTAINING TO THE FIRM'S OFFICIAL STATEMENT DELIVERY REQUIREMENTS TO CUSTOMERS WHO PURCHASED NEW ISSUE MUNICIPAL SECURITIES FOR SECONDARY MARKET TRANSACTIONS THAT OCCURRED DURING THE PRIMARY OFFERING DISCLOSURE PERIOD, INCLUDING THOSE TRANSACTIONS IN WHICH THE FIRM WAS NOT AN UNDERWRITER, NOR PART OF THE UNDERWRITING SYNDICATE, AS REQUIRED BY MSRB RULE G-32.

**Initiated By:** FINRA  
**Date Initiated:** 05/10/2011  
**Docket/Case Number:** [2009017280701](#)





**Principal Product Type:** Debt - Municipal  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** N/A  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 05/10/2011  
**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 \$50,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$50,000.

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**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE AWC ALLEGES THAT AT VARIOUS TIMES DURING THE PERIOD MAY 8, 2008 THROUGH MAY 24, 2008 GMS FAILED TO DELIVER OFFICIAL STATEMENTS BY SETTLEMENT DATE TO CERTAIN CUSTOMERS WHO HAD PURCHASED NEW ISSUE MUNICIPAL SECURITIES DURING THE PRIMARY OFFERING DISCLOSURE PERIOD IN ACCORDANCE WITH MSRB RULE G-17 AND G-32. THE AWC FURTHER ALLEGES GMS'S WRITTEN POLICIES AND PROCEDURES AND INTERNAL COMPLIANCE REVIEW PROCEDURES WERE DEFICIENT WITH RESPECT TO DELIVERY OF OFFICIAL STATEMENTS TO CUSTOMERS FOR NEW ISSUE MUNICIPAL SECURITIES AS REQUIRED BY MSRB RULE G-27 AND G-32.  
**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)  
**Date Initiated:** 05/10/2011  
**Docket/Case Number:** [2009017280701](#)



**Principal Product Type:** Debt - Municipal  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINE  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 05/10/2011  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$50,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. THE FIRM WAS CENSURED AND FINED \$50,000. THE FINE WAS PAID 05/16/2011.

#### Disclosure 3 of 5

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** NASD RULES 2110, 6230(A), 6230(C)(8) - THE GMS GROUP, LLC FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES THE FIRM WAS REQUIRED TO REPORT WITHIN 15 MINUTES OF THE TIME OF EXECUTION AND FAILED TO REPORT TO TRACE THE CORRECT EXECUTION TIME FOR EACH TRANSACTION.  
**Initiated By:** FINRA  
**Date Initiated:** 12/11/2008  
**Docket/Case Number:** 2007011081801  
**Principal Product Type:** Other  
**Other Product Type(s):** TRACE-ELIGIBLE SECURITIES  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Acceptance, Waiver & Consent(AWC)



**Resolution Date:** 12/11/2008

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

**Sanctions Ordered:** 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.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ALLEGED VIOLATIONS OF NASD MARKETPLACE RULES 6230(A) AND (C)(8) AND CONDUCT RULE 2110 IN THAT THE FIRM FAILED TO REPORT TO TRACE, 364 OF ITS TRANSACTIONS IN TRACE ELICIBLE SECURITIES WITHIN 15 MINUTES OF EXECUTION AND FAILED TO REPORT THE TIME OF EXECUTION FOR EACH SUCH TRANSACTION. THIS REPRESENTED 17% OF ALL TRANSACTIONS THE FIRM WAS REQUIRED TO REPORT TO TRACE DURING THE PERIOD REVIEWED (7/1/08 - 9/30/08)

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

**Date Initiated:** 12/11/2008

**Docket/Case Number:** 20070110818-01

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/11/2008

**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; THE FIRM WAS FINED \$5,000. THE FINE WAS PAID DECEMBER 26, 2008.

**Disclosure 4 of 5****Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

NASD RULES 2110, 3010, MSRB RULES G-17, G-27, G-30(A) THE GMS GROUP, LLC PURCHASED MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM A CUSTOMER AND/OR SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT TO A CUSTOMER AT AN AGGREGATE PRICE (INCLUDING ANY MARKDOWN OR MARKUP) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER, OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA AND MSRB RULES CONCERNING MARKUPS/MARKDOWNS FOR CORPORATE BONDS AND FAIR AND REASONABLE COMPENSATION FOR MUNICIPAL BONDS.

**Initiated By:**

FINRA

**Date Initiated:**

12/31/2007

**Docket/Case Number:**[2005000229601](#)**Principal Product Type:**

Debt - Municipal

**Other Product Type(s):**

DEBT-CORPORATE

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

Acceptance, Waiver &amp; Consent(AWC)

**Resolution Date:**

12/31/2007



**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?**

No

**Sanctions Ordered:**

Censure  
Monetary/Fine \$10,000.00  
Disgorgement/Restitution

**Other Sanctions Ordered:**

UNDERTAKING

**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 \$10,000, REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MARKUPS/MARKDOWNS FOR CORPORATE BONDS AND FAIR AND REASONABLE COMPENSATION FOR MUNICIPAL BONDS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. THE FIRM SHALL ALSO PAY \$2,336.87, PLUS INTEREST, IN RESTITUTION TO PUBLIC CUSTOMERS. THE FIRM SHALL SUBMIT SATISFACTORY PROOF OF PAYMENT OF RESTITUTION OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION WITHIN 120 DAYS AFTER ACCEPTANCE OF THIS AWC BY THE NAC. ANY UNDISTRIBUTED RESTITUTION AND INTEREST SHALL BE FORWARDED TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUND FOR THE STATE IN WHICH THE CUSTOMER LAST RESIDED.

**Reporting Source:**

Firm

**Current Status:**

Final

**Allegations:**

NASD RULES 2110, 3010, MSRB RULES G-17, G-27, G-30(A) THE GMS GROUP, LLC PURCHASED/SOLD MUNICIPAL SECURITIES FOR ITS OWN ACCOUNT FROM/TO A TOTAL OF (4) FOUR CUSTOMERS AT AN AGGREGATE PRICE (INCLUDING ANY MARKDOWN OR MARKUP) THAT WAS NOT FAIR AND REASONABLE, TAKING INTO CONSIDERATION ALL RELEVANT FACTORS, INCLUDING THE BEST JUDGMENT OF THE BROKER, DEALER OR MUNICIPAL SECURITIES DEALER AS TO THE FAIR MARKET VALUE OF THE SECURITIES AT THE TIME OF TRANSACTION AND OF ANY SECURITIES EXCHANGED OR TRADED IN CONNECTION WITH THE TRANSACTION, THE EXPENSE INVOLVED IN EFFECTING THE TRANSACTION, THE FACT THAT THE BROKER, DEALER, OR MUNICIPAL SECURITIES DEALER IS ENTITLED TO A PROFIT, AND THE TOTAL DOLLAR AMOUNT OF THE TRANSACTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION



REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND FINRA AND MSRB RULES CONCERNING MARKUPS/MARKDOWNS FOR CORPORATE BONDS AND FAIR AND REASONABLE COMPENSATION FOR MUNICIPAL BONDS.

**Initiated By:** FINRA

**Date Initiated:** 12/31/2007

**Docket/Case Number:** 20050002296-01

**Principal Product Type:** Debt - Corporate

**Other Product Type(s):**

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

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

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

**Resolution Date:** 12/31/2007

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

**Other Sanctions Ordered:** UNDERTAKING

**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 \$10,000, REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING MARKUPS/MARKDOWNS FOR CORPORATE BONDS AND FAIR AND REASONABLE COMPENSATION FOR MUNICIPAL BONDS WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC. THE FIRM SHALL ALSO PAY \$2,336.87, PLUS INTEREST, IN RESTITUTION TO A TOTAL OF (4) FOUR PUBLIC CUSTOMERS.

#### Disclosure 5 of 5

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD MEMBERSHIP AND REGISTRATION RULE 1031(A), NASD CONDUCT RULES 2110 AND 3010(B) - RESPONDENT MEMBER MAINTAINED AN INDIVIDUALS REGISTRATION WITH NASD AS A GENERAL SECURITIES REPRESENTATIVE EVEN THOUGH THE INDIVIDUAL WAS NOT ACTIVE IN



THE FIRM'S INVESTMENT BANKING OR SECURITIES BUSINESS AND WAS NOT FUNCTIONING AS A REPRESENTATIVE. RESPONDENT MEMBER PERMITTED REPRESENTATIVES WITH THE FIRM TO EFFECT TRANSACTIONS IN U.S. GOVERNMENT SECURITIES WHEN THEY WERE NOT REGISTERED IN A CAPACITY THAT QUALIFIED THEM TO EFFECT SUCH TRANSACTIONS. RESPONDENT MEMBER FAILED TO ESTABLISH AND MAINTAIN WRITTEN SUPERVISORY PROCEDURES THAT WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD'S RULES RELATING TO REGISTRATION OF ASSOCIATED PERSONS. AMONG OTHER THINGS, THE FIRM FAILED TO IDENTIFY IN ITS WRITTEN PROCEDURES THE PERSON RESPONSIBLE FOR ACHIEVING COMPLIANCE WITH SUCH RULES AND FAILED TO ESTABLISH WRITTEN PROCEDURES DESIGNED TO ENSURE ASSOCIATED PERSONS WERE PROPERLY REGISTERED FOR THE TYPES OF BUSINESS IN WHICH THEY ENGAGED AND DID NOT EFFECT TRANSACTION IN SECURITIES FOR WHICH THEY WERE NOT QUALIFIED.

**Initiated By:** NASD

**Date Initiated:** 07/07/2004

**Docket/Case Number:** C9B040065

**Principal Product Type:** Other

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/07/2004

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

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

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$10,000.00.

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** VIOLATION OF NASD MEMBERSHIP AND REGISTRATION RULE 1031(A) AND NASD CONDUCT RULES 2110 AND 3010B  
**Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS  
**Date Initiated:** 05/13/2004  
**Docket/Case Number:** C9B040065  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** FINE \$10,000  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 07/07/2004  
**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** CENSURE AND FINE OF \$10,000





## 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](http://www.finra.org/awardsonline).

### Disclosure 1 of 11

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/07/2001
<b>Case Number:</b>	<a href="#">01-04113</a>
<b>Disputed Product Type:</b>	COMMON STOCK; CORPORATE BONDS; MUNICIPAL BONDS
<b>Sum of All Relief Requested:</b>	\$493,591.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	09/24/2002
<b>Sum of All Relief Awarded:</b>	\$50,000.00

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

### Disclosure 2 of 11

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	10/02/2003
<b>Case Number:</b>	<a href="#">03-06495</a>



**Disputed Product Type:** MUNICIPAL BONDS  
**Sum of All Relief Requested:** \$38,775.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/06/2004  
**Sum of All Relief Awarded:** \$12,500.00

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 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 07/30/2009  
**Case Number:** [09-04417](#)  
**Disputed Product Type:** CORPORATE BONDS; MUNICIPAL BONDS  
**Sum of All Relief Requested:** \$500,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/10/2011  
**Sum of All Relief Awarded:** \$35,300.01

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

#### Disclosure 4 of 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE



**Arbitration Forum:** FINRA  
**Case Initiated:** 09/28/2009  
**Case Number:** [09-05529](#)  
**Disputed Product Type:** CORPORATE BONDS; MUNICIPAL BONDS  
**Sum of All Relief Requested:** \$17,792.31  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 03/03/2010  
**Sum of All Relief Awarded:** \$425.00

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 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE  
**Arbitration Forum:** FINRA  
**Case Initiated:** 07/02/2010  
**Case Number:** [10-02738](#)  
**Disputed Product Type:** LEHMAN NOTES; MUNICIPAL BONDS; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$100,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 01/09/2012  
**Sum of All Relief Awarded:** \$69,865.93

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 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-ERRORS-CHARGES; EXECUTIONS-EXECUTION PRICE

**Arbitration Forum:** FINRA

**Case Initiated:** 02/22/2011

**Case Number:** [11-00599](#)

**Disputed Product Type:** MUNICIPAL BONDS; OTHER TYPES OF SECURITIES

**Sum of All Relief Requested:** \$3,575.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 07/07/2011

**Sum of All Relief Awarded:** \$37.50

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 11

**Reporting Source:** Regulator

**Type of Event:** ARBITRATION

**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY

**Arbitration Forum:** NASD

**Case Initiated:** 11/08/1991

**Case Number:** [91-03467](#)

**Disputed Product Type:** REAL ESTATE INVESTMENT TRUST

**Sum of All Relief Requested:** \$10,150.00

**Disposition:** AWARD AGAINST PARTY

**Disposition Date:** 12/03/1992

**Sum of All Relief Awarded:** \$10,284.95

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 11

**Reporting Source:** Regulator



**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT RELATED-OTHER  
**Arbitration Forum:** NASD  
**Case Initiated:** 02/28/1994  
**Case Number:** [93-05219](#)  
**Disputed Product Type:** MUNICIPAL BONDS  
**Sum of All Relief Requested:** \$500.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 07/12/1994  
**Sum of All Relief Awarded:** \$530.00

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 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE  
**Arbitration Forum:** NASD  
**Case Initiated:** 09/01/1994  
**Case Number:** [94-02387](#)  
**Disputed Product Type:** LIMITED PARTNERSHIPS; MUTUAL FUNDS  
**Sum of All Relief Requested:** \$91,100.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 10/21/1996  
**Sum of All Relief Awarded:** \$91,100.00

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 11



**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;  
 ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF  
 CONTRACT  
**Arbitration Forum:** NASD  
**Case Initiated:** 08/26/1998  
**Case Number:** [98-02618](#)  
**Disputed Product Type:** COMMON STOCK  
**Sum of All Relief Requested:** \$1,513,340.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 04/11/2001  
**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 11 of 11

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO  
 SUPERVISE  
**Arbitration Forum:** NASD  
**Case Initiated:** 04/06/1999  
**Case Number:** [99-01242](#)  
**Disputed Product Type:** CORPORATE BONDS  
**Sum of All Relief Requested:** \$34,335.25  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 12/05/2000  
**Sum of All Relief Awarded:** \$20,920.18

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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