

## BrokerCheck Report

### AVANTAX INVESTMENT SERVICES, INC.

CRD# 13686

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## 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 <https://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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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)

**AVANTAX INVESTMENT SERVICES, INC.**

CRD# 13686

SEC# 8-29533

**Main Office Location**3200 OLYMPUS BLVD  
SUITE 100  
DALLAS, TX 75019**Mailing Address**3200 OLYMPUS BLVD  
SUITE 100  
DALLAS, TX 75019**Business Telephone Number**

972-870-6000

**Report Summary for this Firm**

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

**Firm Profile**

This firm is classified as a corporation.

This firm was formed in Texas on 04/13/1983.

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

**Disclosure Events**

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

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

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

Type	Count
Regulatory Event	17
Arbitration	4
Bond	1

## Registration Withdrawal Information

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



**Date firm ceased business:** 09/08/2025

**Does this brokerage firm owe any money or securities to any customer or brokerage firm?** No



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Texas on 04/13/1983.

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.

### AVANTAX INVESTMENT SERVICES, INC.

Doing business as AVANTAX INVESTMENT SERVICES, INC.

CRD# 13686

SEC# 8-29533

### Main Office Location

3200 OLYMPUS BLVD  
SUITE 100  
DALLAS, TX 75019

### Mailing Address

3200 OLYMPUS BLVD  
SUITE 100  
DALLAS, TX 75019

### Business Telephone Number

972-870-6000

## Other Names of this Firm

Name	Where is it used
1ST GLOBAL	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV,

	WY
AVANTAX	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV, WY
AVANTAX WEALTH MANAGEMENT	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV, WY
HD VEST	AK, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV, WY



## 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>	AVANTAX WEALTH MANAGEMENT, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	SOLE SHAREHOLDER
<b>Position Start Date</b>	02/1987
<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>	BUCHHEISTER, JEFFREY ROBERT 4709900
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF FINANCIAL OFFICER
<b>Position Start Date</b>	02/2025
<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>	BURKOTT, DANIEL PAUL 4710068
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	CHIEF COMPLIANCE OFFICER
<b>Position Start Date</b>	06/2024

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** DOWELL, RODNEY CAMMERON  
7376607

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

**Position** PRINCIPAL FINANCIAL OFFICER AND VICE PRESIDENT

**Position Start Date** 02/2025

**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):** GOK, LISA ANNE  
5059738

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

**Position** GENERAL COUNSEL, SECRETARY

**Position Start Date** 10/2024

**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):** HOLWEGER, KIMBERLEY

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

1572778

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

**Position** PRINCIPAL OPERATIONS OFFICER

**Position Start Date** 02/2025

**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):** MACKAY, TODD CHRISTOPHER  
2799860

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

**Position** DIRECTOR AND VICE PRESIDENT

**Position Start Date** 01/2025

**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):** MIZUGUCHI, MAURA  
5769181

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

**Position** CHIEF ACCOUNTING OFFICER

**Position Start Date** 02/2025

**Percentage of Ownership** Less than 5%

## Firm Profile



### Direct Owners and Executive Officers (continued)

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

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

**Legal Name & CRD# (if any):** NEARY, JOSEPH DANIEL  
2993505

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

**Position** DIRECTOR AND VICE PRESIDENT

**Position Start Date** 10/2024

**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):** WATTS, ANDREW DAVID  
4780880

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

**Position** PRESIDENT

**Position Start Date** 09/2024

**Percentage of Ownership** Less than 5%

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

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



## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

### Indirect Owners

<b>Legal Name &amp; CRD# (if any):</b>	ARETEC GROUP, INC. DBA CETERA HOLDINGS
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	AVANTAX, INC.
<b>Relationship to Direct Owner</b>	SOLE SHAREHOLDER
<b>Relationship Established</b>	11/2023
<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>	AVANTAX HOLDINGS LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	PROJECT BASEBALL SUB, INC.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	10/2022
<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>	AVANTAX WM HOLDINGS, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity



## Firm Profile

### Indirect Owners (continued)

**Company through which indirect ownership is established** AVANTAX WEALTH MANAGEMENT, INC.

**Relationship to Direct Owner** SOLE SHAREHOLDER

**Relationship Established** 10/2011

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** AVANTAX, INC.

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Company through which indirect ownership is established** AVANTAX HOLDINGS LLC

**Relationship to Direct Owner** SHAREHOLDER

**Relationship Established** 10/2022

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** GC THREE HOLDINGS, LLC

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Company through which indirect ownership is established** GC TWO HOLDINGS, INC.

**Relationship to Direct Owner** SOLE SHAREHOLDER

**Relationship Established** 10/2023



## Firm Profile

### Indirect Owners (continued)

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** GC TWO HOLDINGS, INC.

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Company through which indirect ownership is established** GC TWO INTERMEDIATE HOLDINGS, INC.

**Relationship to Direct Owner** SOLE SHAREHOLDER

**Relationship Established** 07/2018

**Percentage of Ownership** 75% or more

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

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

**Legal Name & CRD# (if any):** GC TWO INTERMEDIATE HOLDINGS, INC.

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Company through which indirect ownership is established** ARETEC GROUP, INC. DBA CETERA HOLDINGS

**Relationship to Direct Owner** SOLE SHAREHOLDER

**Relationship Established** 07/2018

**Percentage of Ownership** 75% or more

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

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

## Firm Profile



### Indirect Owners (continued) company?

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<b>Legal Name &amp; CRD# (if any):</b>	PROJECT BASEBALL SUB, INC.
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Company through which indirect ownership is established</b>	AVANTAX WM HOLDINGS, INC.
<b>Relationship to Direct Owner</b>	SHAREHOLDER
<b>Relationship Established</b>	12/2015
<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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## Firm History

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

No information reported.



## Firm Operations



### Registrations

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

**This firm is no longer registered.**

**The firm's registration was from 06/23/1983 to 11/25/2025.**



## 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 14 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

## 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.

<b>Name:</b>	NATIONAL FINANCIAL SERVICES LLC
<b>CRD #:</b>	13041
<b>Business Address:</b>	245 SUMMER STREET BOSTON, MA 02210
<b>Effective Date:</b>	09/20/2018
<b>Description:</b>	AVANTAX INVESTMENT SECURITIES, INC. MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES LLC.

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## Firm Operations

### Industry Arrangements



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

**Name:** FMG SUITE, LLC

**Business Address:** 12395 WORLD TRADE DRIVE  
SUITE 200  
SAN DIEGO, CA 92128

**Effective Date:** 08/28/2024

**Description:** AVANTAX INVESTMENT SERVICES, INC. UTILIZES FMG SUITE, LLC TO EMPLOY ELECTRONIC STORAGE MEDIA TO MAINTAIN AND PRESERVE RECORDS RELATED TO CERTAIN MARKETING MATERIALS OF ASSOCIATED MEMBERS OF THE FIRM.

**Name:** MICROSOFT CORPORATION

**Business Address:** ONE MICROSOFT WAY  
REDMOND, WA 98052

**Effective Date:** 08/26/2020

**Description:** AVANTAX UTILIZES MICROSOFT TEAMS FOR INTERNAL INSTANT MESSAGING AMONG HOME OFFICE STAFF, INCLUSIVE OF DOCUMENT SHARING VIA TEAMS.

**Name:** ENVESTNET ASSET MANAGEMENT, INC.

**Business Address:** 35 E. WACKER DR.  
SUITE 2400  
CHICAGO, IL 60601

**Effective Date:** 09/20/2018

**Description:** INVESTMENT ADVISOR TRADING AND CLIENT RECORDS.

**Name:** DOCUPACE

**Business Address:** 2001 S. BARRINGTON  
SUITE 215  
LOS ANGELES, CA 90025

**Effective Date:** 10/28/2019

**Description:** ONLINE DOCUMENT ARCHIVING AND PROCESSING SOLUTION. THEY MAINTAIN CLIENT DOCUMENTS.

**Name:** SMARSH

**Business Address:** 851 SW 6TH AVE

## Firm Operations



### Industry Arrangements (continued)

	PORTLAND, OR 97204
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	STORAGE PROVIDER FOR ELECTRONIC COMMUNICATIONS. AS SUCH THEY PRESERVE AND MAINTAIN RECORDS RELATED TO ELECTRONIC COMMUNICATIONS OF THE FIRM
<b>Name:</b>	SHAREFILE
<b>Business Address:</b>	701 CORPORATE CENTRAL DR. SUITE 300 RALEIGH, NC 27607
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	SECURE EMAIL SOFTWARE VENDOR - HOSTED ON A SECURE SITE FOR ACCESS VIA THE WEB. FOR LEGACY 1ST GLOBAL ADVISORS (A FIRM THAT HAD BEEN ACQUIRED AND MERGED INTO AVANTAX IN 2019).
<b>Name:</b>	BIG - BUSINESS INFORMATION GROUP
<b>Business Address:</b>	251 VETERANS WAY WARMINSTER, PA 18974
<b>Effective Date:</b>	04/01/2015
<b>Description:</b>	ELECTRONIC FINGERPRINTING AND BACKGROUND CHECKS.
<b>Name:</b>	IRON MOUNTAIN
<b>Business Address:</b>	1235 NORTH UNION BOWER IRVING, TX 75061
<b>Effective Date:</b>	07/01/2003
<b>Description:</b>	FIRM AND CLIENT ACCOUNT BOOKS AND RECORDS.
<b>Name:</b>	BROADRIDGE
<b>Business Address:</b>	5 DAKOTA DRIVE SUITE 300 LAKE SUCCESS, NY 11042
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	ONLINE SOLUTION THAT MAINTAINS RECORDS OF ADVERTISING AND SALES LETTER SUBMISSIONS AND APPROVALS FOR LEGACY 1ST GLOBAL ADVISORS (A FIRM THAT HAD BEEN ACQUIRED AND MERGED INTO AVANTAX IN 2019).
<b>Name:</b>	REGED

## Firm Operations



### Industry Arrangements (continued)

<b>Business Address:</b>	2100 GATEWAY CENTRE BLVD. SUITE 200 MORRISVILLE, NC 27560
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	ELECTRONIC STORAGE OF LICENSING PAPERWORK & RECORDS, ADVERTISING APPROVALS, OUTSIDE BUSINESS ACTIVITIES AND OUTSIDE BROKERAGE ACCOUNT APPROVALS, CONTINUING ED, ANNUAL QUESTIONNAIRES AND OFFICE INSPECTION RECORDS.
<b>Name:</b>	THOMSON REUTERS
<b>Business Address:</b>	610 OPPERMAN DR. ST. PAUL, MN 55164
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	AML VENDOR FOR LEGACY 1ST GLOBAL ADVISORS (A FIRM THAT HAD BEEN ACQUIRED AND MERGED INTO AVANTAX IN 2019) AND CLIENTS.
<b>Name:</b>	ARMSTRONG ARCHIVES
<b>Business Address:</b>	1515 CRESCENT DR. CARROLLTON, TX 75006
<b>Effective Date:</b>	10/28/2019
<b>Description:</b>	SECURE OFFSITE DOCUMENT STORAGE AND RECORDS MANAGEMENT SERVICES FOR BOOKS AND RECORDS OF THE FIRM > 2 YEARS OLD.
<b>Name:</b>	NATIONAL FINANCIAL SERVICES LLC
<b>CRD #:</b>	13041
<b>Business Address:</b>	245 SUMMER STREET BOSTON, MA 02210
<b>Effective Date:</b>	09/20/2018
<b>Description:</b>	AVANTAX INVESTMENT SECURITIES, INC. MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES LLC.
<b>Name:</b>	GLOBAL RELAY
<b>Business Address:</b>	220 CAMBIE STREET 2ND FLOOR VANCOUVER, BRITISH COLUMBIA V6B 2M9
<b>Effective Date:</b>	08/17/2017
<b>Description:</b>	AVANTAX INVESTMENT SERVICES UTILIZES GLOBAL RELAY TO EMPLOY

## Firm Operations



### Industry Arrangements (continued)

ELECTRONIC STORAGE MEDIA TO MAINTAIN AND PRESERVE RECORDS RELATED TO ELECTRONIC COMMUNICATION OF ASSOCIATED MEMBERS OF THE FIRM

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**Name:** WELLS FARGO CLEARING SERVICES, LLC

**CRD #:** 19616

**Business Address:** ONE NORTH JEFFERSON AVENUE  
ST. LOUIS, MO 63103

**Effective Date:** 11/14/2016

**Description:** AVANTAX INVESTMENT SECURITIES, INC. UTILIZES WELLS FARGO CLEARING SERVICES, LLC, OUR FORMER CLEARING FIRM, TO MAINTAIN AND PRESERVE BROKERAGE RECORDS ON BEHALF OF THE FIRM.

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**Name:** MARKETINGPRO

**Business Address:** 2226 N COAST HIGHWAY  
#320  
NEWPORT, OR 97365

**Effective Date:** 05/05/2014

**Description:** AVANTAX INVESTMENT SERVICES UTILIZES MARKETINGPRO TO EMPLOY ELECTRONIC STORAGE MEDIA TO MAINTAIN AND PRESERVE RECORDS RELATED TO CERTAIN MARKETING MATERIALS OF ASSOCIATED MEMBERS OF THE FIRM.

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**Name:** STARCOMPLIANCE

**Business Address:** 451 HUNGERFORD DRIVE  
SUITE 375  
ROCKVILLE, MD 20850

**Effective Date:** 04/03/2014

**Description:** AVANTAX INVESTMENT SERVICES UTILIZES STAR COMPLIANCE TO EMPLOY ELECTRONIC STORAGE MEDIA TO MAINTAIN AND PRESERVE RECORDS RELATED TO BROKERAGE ACCOUNTS OF ASSOCIATED MEMBERS OF THE FIRM.

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**Name:** ACCUITY, INC.

**Business Address:** 10089 WILLOW CREEK ROAD  
SUITE 120  
SAN DIEGO, CA 92131

**Effective Date:** 07/19/2011

## Firm Operations



### Industry Arrangements (continued)

**Description:** AVANTAX INVESTMENT SERVICES UTILIZES NATIONAL REGULATORY SERVICES (ACCUITY, INC.) TO EMPLOY ELECTRONIC STORAGE MEDIA TO MAINTAIN AND PRESERVE CERTAIN BRANCH OFFICE RECORDS, ADVERTISING MATERIAL AND OTHER COMPLIANCE RECORDS.

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**This firm does not have accounts, funds, or securities maintained by a third party.**

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

**Name:** NATIONAL FINANCIAL SERVICES LLC

**CRD #:** 13041

**Business Address:** 245 SUMMER STREET  
BOSTON, MA 02210

**Effective Date:** 09/20/2018

**Description:** AVANTAX INVESTMENT SECURITIES, INC. MAINTAINS A FULLY DISCLOSED CLEARING AGREEMENT WITH NATIONAL FINANCIAL SERVICES LLC.

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### Control Persons/Financing

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

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



## Firm Operations

### Organization Affiliates

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

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

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

**CETERA ADVISORS LLC is under common control with the firm.**

<b>CRD #:</b>	10299
<b>Business Address:</b>	5299 DTC BLVD #800 GREENWOOD VILLAGE, CO 80111
<b>Effective Date:</b>	11/27/2023
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	Yes
<b>Investment Advisory Activities:</b>	No
<b>Description:</b>	CETERA ADVISORS LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

**CETERA INVESTMENT MANAGEMENT LLC is under common control with the firm.**

<b>CRD #:</b>	165436
<b>Business Address:</b>	1450 AMERICAN LANE SUITE 650 SCHAUMBURG, IL 60173
<b>Effective Date:</b>	11/27/2023
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes

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

**Description:** CETERA INVESTMENT MANAGEMENT LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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**CETERA WEALTH SERVICES, LLC is under common control with the firm.**

**CRD #:** 13572

**Business Address:** 2301 ROSECRANS AVENUE  
#5100  
EL SEGUNDO, CA 90245

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** CETERA WEALTH SERVICES, LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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**CETERA INVESTMENT SERVICES LLC is under common control with the firm.**

**CRD #:** 15340

**Business Address:** 400 FIRST ST. S.  
SUITE 300  
ST. CLOUD, MN 56301

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** CETERA INVESTMENT SERVICES LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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**CETERA FINANCIAL SPECIALISTS LLC is under common control with the firm.**

**CRD #:** 10358

**Business Address:** 1450 AMERICAN LANE

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

6TH FLOOR, SUITE #650  
SCHAUMBURG, IL 60173

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** Yes

**Investment Advisory Activities:** No

**Description:** CETERA FINANCIAL SPECIALISTS LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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**CETERA ADVISORY SERVICES LLC is under common control with the firm.**

**CRD #:** 285648

**Business Address:** 2301 ROSECRANS AVENUE  
SUITE 5100  
EL SEGUNDO, CA 90245

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** CETERA ADVISORY SERVICES LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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**THE RETIREMENT PLANNING GROUP, LLC is under common control with the firm.**

**CRD #:** 129625

**Business Address:** 4811 W. 136TH STREET  
LEAWOOD, KS 66224

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

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

**Investment Advisory Activities:** Yes

**Description:** THE RETIREMENT PLANNING GROUP, LLC IS WHOLLY-OWNED BY ARETEC GROUP, INC.

**CETERA INVESTMENT ADVISERS LLC is under common control with the firm.**

**CRD #:** 105644

**Business Address:** 1450 AMERICAN LANE  
6TH FLOOR, SUITE 650  
SCHAUMBURG, IL 60173-2096

**Effective Date:** 11/27/2023

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** CETERA INVESTMENT ADVISERS LLC IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

**AVANTAX PLANNING PARTNERS, INC. is under common control with the firm.**

**CRD #:** 106237

**Business Address:** 3390 ASBURY ROAD  
DUBUQUE, IA 52002

**Effective Date:** 07/01/2020

**Foreign Entity:** No

**Country:**

**Securities Activities:** No

**Investment Advisory Activities:** Yes

**Description:** AVANTAX PLANNING PARTNERS, INC. IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

**AVANTAX ADVISORY SERVICES is under common control with the firm.**

**CRD #:** 104556

## Firm Operations



### Organization Affiliates (continued)

<b>Business Address:</b>	3200 OLYMPUS BLVD. SUITE 100 DALLAS, TX 75019
<b>Effective Date:</b>	05/12/1987
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	AVANTAX ADVISORY SERVICES, INC. IS AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ARETEC.

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#### 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	17	0
Arbitration	N/A	4	N/A
Bond	N/A	1	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 17

**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 FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, AND FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 2090, WHICH REQUIRES MEMBER FIRMS TO USE REASONABLE DILIGENCE TO DETERMINE THE ESSENTIAL FACTS CONCERNING EVERY CUSTOMER AND CONCERNING THE AUTHORITY OF EACH PERSON ACTING ON BEHALF OF SUCH CUSTOMER. THE FINDINGS STATED THAT WITH RESPECT TO ACCOUNTS ESTABLISHED UNDER THE UNIFORM GIFTS TO MINORS ACT OR THE UNIFORM TRANSFERS TO MINORS ACT, THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE SUPERVISORY SYSTEMS AND WSPS TO TRACK OR MONITOR FOR CHANGES IN THE AUTHORITY OF CUSTODIANS OF SUCH ACCOUNTS TO EFFECT TRANSACTIONS ON BEHALF OF THE ACCOUNT BENEFICIARIES. THE FIRM'S FAILURE ENABLED CUSTODIANS TO EFFECT TRANSACTION IN, OR TO WITHDRAW, JOURNAL, OR TRANSFER MONEY FROM ACCOUNTS AFTER THE DATE THE CUSTODIAN WAS REQUIRED BY STATE LAW TO TRANSFER CONTROL OVER THE CUSTODIAL PROPERTY TO THE BENEFICIARY, WITHOUT VERIFYING THAT THE CUSTODIAN HAD CONTINUING AUTHORITY FROM THE BENEFICIARY TO DO SO. ULTIMATELY, THE FIRM REVISED ITS WSPS AND ITS SUPERVISORY SYSTEMS TO BEGIN ADDRESSING THIS ISSUE.

**Initiated By:** FINRA

**Date Initiated:** 02/20/2026

**Docket/Case Number:** [2023077467801](#)

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 02/20/2026

**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 \$200,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$200,000.

**Disclosure 2 of 17**

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF MAINE OFFICE OF SECURITIES ALLEGED THE FIRM VIOLATED ORDER NO. 2021-12 AND RULE CH. 504 § (7)(4)(B) BY NOT CONDUCTING ON-SITE BRANCH INSPECTIONS OF ALL MAINE BRANCH OFFICES BEFORE DECEMBER 31, 2022.

**Initiated By:** STATE OF MAINE OFFICE OF SECURITIES

**Date Initiated:** 08/24/2023

**Docket/Case Number:** 2023-18

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 08/24/2023

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

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM PAID THE \$5,000 CIVIL FINE ON 8/17/2023.

**Firm Statement** THE FIRM ENTERED INTO THIS CONSENT AGREEMENT (THE "AGREEMENT") FOR THE PURPOSE OF AN EXPEDITIOUS RESOLUTION OF THIS MATTER. THE FIRM AGREED ON 8/2/2023 TO THE ENTRY OF THE AGREEMENT PURSUANT TO WHICH THE FIRM AGREED TO PAY A CIVIL FINE OF \$5,000. THE FIRM PAID THE CIVIL FINE 8/17/2023 AND THE AGREEMENT FULLY EXECUTED ON 8/24/23.



### Disclosure 3 of 17

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	BETWEEN 2018 AND 2020, AVANTAX FAILED TO IMPLEMENT A REASONABLE SUPERVISION SYSTEM OVER ONE OF ITS AGENTS IN VIOLATIONS OF 9 V.S.A § 5412 (D)(9), V.S.R 2-2 (B)(2) AND VIOLATIONS OF FINRA RULE 3110. SPECIFICALLY, AVANTAX FAILED TO MAINTAIN AND IMPLEMENT ADEQUATE WRITTEN PROCEDURES FOR REVIEW OF AN AGENT'S EMAIL CORRESPONDENCE, AND DURING A 2018 AUDIT FAILED TO IDENTIFY THE AGENT'S OUTSIDE BUSINESS ACTIVITY.
<b>Initiated By:</b>	VERMONT DEPARTMENT OF FINANCIAL REGULATION, SECURITIES DIVISION
<b>Date Initiated:</b>	09/13/2022
<b>Docket/Case Number:</b>	21-049-S
<b>URL for Regulatory Action:</b>	<a href="https://DFR.VERMONT.GOV/SECURITIES/ORDERS">HTTPS://DFR.VERMONT.GOV/SECURITIES/ORDERS</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	09/13/2022
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Monetary/Fine \$60,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE \$60,000.00 MONETARY/FINE WAS PAID IN FULL SEPTEMBER 20, 2022.

**Reporting Source:** Firm

**Current Status:** Final



<b>Allegations:</b>	THE VERMONT DEPARTMENT OF FINANCIAL REGULATION (THE "DEPARTMENT") ALLEGED THE FIRM VIOLATED VERMONT SECURITIES REGULATION 2-2(B)(2) AND 5412(D)(9) BY: (A) FAILING TO ESTABLISH AND MAINTAIN A SYSTEM TO SUPERVISE THE ACTIVITIES OF ITS AGENTS THAT IS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SECURITY LAWS AND REGULATIONS; (B) FAILING TO MAINTAIN AND IMPLEMENT WRITTEN PROCEDURES THAT ADDRESS THE REVIEW OF ITS AGENTS' INCOMING AND OUTGOING WRITTEN CORRESPONDENCE, INCLUDING ELECTRONIC CORRESPONDENCE, PERTAINING TO THE AGENTS' INVESTMENT AND SECURITIES BUSINESS; AND (C) FAILING TO INVESTIGATE AND ADDRESS ITS AGENT'S ENGAGEMENT IN OUTSIDE BUSINESS ACTIVITIES, ULTIMATELY RESULTING IN THE FIRM TAKING NO ACTION OVER THE SPAN OF THREE YEARS TO ADDRESS ITS AGENT'S INVOLVEMENT IN AN OUTSIDE CORPORATION, THUS FAILING TO IMPLEMENT A REASONABLE SUPERVISION SYSTEM OVER THE AGENT.
<b>Initiated By:</b>	VERMONT DEPARTMENT OF FINANCIAL REGULATION
<b>Date Initiated:</b>	09/13/2022
<b>Docket/Case Number:</b>	21-049-S
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	09/13/2022
<b>Sanctions Ordered:</b>	Monetary/Fine \$60,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON 9/20/2022, THE FIRM PAID THE ADMINISTRATIVE PENALTY OF \$60,000.
<b>Firm Statement</b>	THE FIRM ENTERED INTO THIS STIPULATION AND CONSENT ORDER (THE "ORDER") SOLELY FOR THE PURPOSE OF RESOLVING THIS INVESTIGATION WITHOUT THE NEED FOR FURTHER PROCEEDINGS. WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, THE FIRM AGREED ON 9/8/2022 TO THE ENTRY OF THE ORDER PURSUANT TO WHICH THE FIRM AGREED TO PAY AN ADMINISTRATIVE PENALTY OF \$60,000. ON 9/20/2022, THE FIRM PAID THE ADMINISTRATIVE PENALTY.



## Disclosure 4 of 17

**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 DISADVANTAGED CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS THAT WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE. THE FINDINGS STATED THAT THESE ELIGIBLE CUSTOMERS WERE INSTEAD SOLD CLASS A SHARES WITH A FRONT-END SALES CHARGE OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES. THESE SALES DISADVANTAGED ELIGIBLE CUSTOMERS BY CAUSING SUCH CUSTOMERS TO PAY HIGHER FEES THAN THEY WERE ACTUALLY REQUIRED TO PAY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE APPLICATION OF SALES-CHARGE WAIVERS TO ELIGIBLE MUTUAL FUND SALES. THE FIRM RELIED ON ITS FINANCIAL ADVISORS TO DETERMINE THE APPLICABILITY OF SALES-CHARGE WAIVERS, BUT FAILED TO MAINTAIN ADEQUATE WRITTEN POLICIES OR PROCEDURES TO ASSIST FINANCIAL ADVISORS IN MAKING THIS DETERMINATION. IN ADDITION, THE FIRM FAILED TO ADEQUATELY NOTIFY AND TRAIN ITS FINANCIAL ADVISORS REGARDING THE AVAILABILITY OF MUTUAL FUND SALES CHARGE WAIVERS FOR ELIGIBLE CUSTOMERS. THE FIRM ALSO FAILED TO ADOPT ADEQUATE CONTROLS TO DETECT INSTANCES IN WHICH THEY DID NOT PROVIDE SALES-CHARGE WAIVERS TO ELIGIBLE CUSTOMERS IN CONNECTION WITH THEIR MUTUAL FUND PURCHASES. AS A RESULT OF THE FIRM'S FAILURE TO APPLY AVAILABLE SALES-CHARGE WAIVERS, THE FIRM ESTIMATES THAT ELIGIBLE CUSTOMERS WERE OVERCHARGED BY APPROXIMATELY \$219,930 FOR MUTUAL FUND PURCHASES MADE SINCE JULY 1, 2009.

**Initiated By:** FINRA

**Date Initiated:** 11/15/2016

**Docket/Case Number:** [2016048632401](#)

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

**Other Product Type(s):**

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

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



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

**Resolution Date:** 11/15/2016

**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  
Disgorgement/Restitution

**Other Sanctions Ordered:** INTEREST

**Sanction Details:** THE FIRM WAS CENSURED AND ORDERED TO PROVIDE REMEDIATION TO ELIGIBLE CUSTOMERS WHO QUALIFIED FOR, BUT DID NOT RECEIVE, APPLICABLE MUTUAL FUND SALES CHARGE WAIVERS IN THE AMOUNT OF \$261,905 (THE AMOUNT ELIGIBLE CUSTOMERS WERE OVERCHARGED, INCLUSIVE OF INTEREST). IN RESOLVING THIS MATTER, FINRA HAS RECOGNIZED THE EXTRAORDINARY COOPERATION OF THE FIRM FOR HAVING: (1) INITIATED, PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, AN INVESTIGATION TO IDENTIFY WHETHER ELIGIBLE CUSTOMERS RECEIVED SALES CHARGE WAIVERS DURING THE RELEVANT PERIOD; (2) PROMPTLY ESTABLISHED A PLAN OF REMEDIATION FOR ELIGIBLE CUSTOMERS WHO DID NOT RECEIVE APPROPRIATE SALES CHARGE WAIVERS; (3) PROMPTLY SELF-REPORTED TO FINRA; (4) PROMPTLY TAKEN ACTION AND REMEDIAL STEPS TO CORRECT THE VIOLATIVE CONDUCT; AND (5) EMPLOYED SUBSEQUENT CORRECTIVE MEASURES, PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, TO REVISE ITS PROCEDURES TO AVOID RECURRENCE OF THE MISCONDUCT.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF FINDINGS THAT THE FIRM FAILED TO REASONABLY SUPERVISE THE APPLICATION OF SALES-CHARGE WAIVERS TO ELIGIBLE MUTUAL FUND PURCHASES MADE BY CERTAIN RETIREMENT PLAN AND CHARITABLE ORGANIZATION CUSTOMERS THAT WERE ELIGIBLE TO PURCHASE CLASS A SHARES IN CERTAIN MUTUAL FUNDS WITHOUT A FRONT-END SALES CHARGE, AND INSTEAD SOLD THEM CLASS A SHARES WITH A FRONT-END SALES CHARGE OR CLASS B OR C SHARES WITH BACK-END SALES CHARGES AND HIGHER ONGOING FEES AND EXPENSES;



THAT THE FIRM RELIED ON ITS FINANCIAL ADVISORS TO DETERMINE THE APPLICABILITY OF SALES-CHARGE WAIVERS, BUT DID NOT TO PROVIDE ADEQUATE WRITTEN PROCEDURES OR TRAINING TO ASSIST FINANCIAL ADVISORS IN MAKING THIS DETERMINATION, OR ADOPT ADEQUATE CONTROLS TO DETECT INSTANCES IN WHICH THEY DID NOT PROVIDE SALES-CHARGE WAIVERS. AS A RESULT, THE FIRM AGREED TO PROVIDE RESTITUTION IN THE AMOUNT OF APPROXIMATELY \$219,930 PLUS INTEREST FOR MUTUAL FUND PURCHASES MADE SINCE JULY 1, 2009.

**Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Date Initiated:** 11/15/2016

**Docket/Case Number:** [2016048632401](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 11/15/2016

**Sanctions Ordered:** Censure  
Disgorgement/Restitution

**Other Sanctions Ordered:** INTEREST

**Sanction Details:** THE FIRM WAS CENSURED AND ORDERED TO PROVIDE REMEDIATION TO ELIGIBLE CUSTOMERS WHO QUALIFIED FOR, BUT DID NOT RECEIVE, APPLICABLE MUTUAL FUNDS SALES CHARGE WAIVERS IN THE AMOUNT OF \$261,905 (THE AMOUNT ELIGIBLE CUSTOMERS WERE OVERCHARGED, INCLUSIVE OF INTEREST). IN RESOLVING THIS MATTER, FINRA HAS RECOGNIZED THE EXTRAORDINARY COOPERATION OF THE FIRM FOR HAVING: (1) INITIATED, PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, AN INVESTIGATION TO IDENTIFY WHETHER ELIGIBLE CUSTOMERS RECEIVED SALES CHARGE WAIVERS DURING THE RELEVANT PERIOD; (2) PROMPTLY ESTABLISHED A PLAN OF REMEDIATION FOR ELIGIBLE CUSTOMERS WHO DID NOT RECEIVE APPROPRIATE SALES CHARGE WAIVERS; (3) PROMPTLY SELF-REPORTED TO FINRA; (4) PROMPTLY TAKEN ACTION AND REMEDIAL STEPS TO CORRECT THE VIOLATIVE CONDUCT; AND (5) EMPLOYED SUBSEQUENT CORRECTIVE MEASURES, PRIOR TO DETECTION OR INTERVENTION BY A REGULATOR, TO REVISE ITS PROCEDURES TO AVOID RECURRENCE OF THE



## MISCONDUCT.

### Disclosure 5 of 17

**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 ITS SUPERVISORY SYSTEM AND WSPS WERE NOT REASONABLY DESIGNED TO ENSURE THAT A REPRESENTATIVE'S FORM U4 WAS TIMELY AMENDED TO DISCLOSE BANKRUPTCIES, JUDGMENTS, AND LIENS. THE FINDINGS STATED THAT SPECIFICALLY, ALTHOUGH THE FIRM IMPLEMENTED A PROGRAM TO PROACTIVELY SEARCH FOR LIENS AND JUDGMENTS AS PART OF ITS BRANCH EXAMS, THE FIRM'S WSPS DID NOT INDICATE ANY TIME FRAME FOR BRANCH EXAMINERS TO COMPLETE REVIEWS OF POTENTIALLY UNDISCLOSED FINANCIAL EVENTS AND WERE UNCLEAR ON WHO WAS RESPONSIBLE FOR ENSURING THAT FINANCIAL EVENTS DETECTED THROUGH THIS PROCESS WERE TIMELY DISCLOSED. IN ADDITION, THE FIRM'S WSPS AND SYSTEMS DIVIDED RESPONSIBILITY FOR UPDATING FORMS U4 BETWEEN THE COMPLIANCE AND LICENSING DEPARTMENTS, BUT FAILED TO PROVIDE PROCEDURES TO ENSURE INFORMATION ABOUT POTENTIALLY DISCLOSABLE EVENTS WAS FOLLOWED UP ON WITH THE REGISTERED REPRESENTATIVES. AS A RESULT OF THIS INADEQUATE SYSTEM, THE FIRM FAILED IN 18 INSTANCES TO AMEND TIMELY AND/OR ACCURATELY A REGISTERED REPRESENTATIVE'S FORM U4 TO DISCLOSE A BANKRUPTCY, JUDGMENT OR LIEN. IN ADDITION, THE FIRM FAILED TO TIMELY REPORT 10 WRITTEN CUSTOMER COMPLAINTS AND THE SETTLEMENT OF ONE COMPLAINT ON ITS REGISTERED REPRESENTATIVES' FORMS U4. IN THESE INSTANCES, THE FIRM MADE THE APPROPRIATE FINRA RULE 4530 FILING, BUT FAILED TO AMEND THE NAMED REGISTERED REPRESENTATIVES' FORMS U4 AT THE TIME OF THE FINRA RULE 4530 FILING. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ACCURATELY AND/OR TIMELY REPORT SEVEN CUSTOMER COMPLAINTS IN FINRA'S 4530 COMPLAINT REPORTING SYSTEM. THE FINDINGS ALSO INCLUDED THAT FIRM'S PRINCIPALS APPROVED AT LEAST 18 VARIABLE ANNUITY (VA) TRANSACTIONS WITHOUT OBTAINING SUFFICIENT DOCUMENTS AND INFORMATION TO DETERMINE THAT THE VAS WERE SOLD TO CUSTOMERS FOR WHOM THE PRODUCT WAS SUITABLE. THE FIRM DID NOT TAKE ADEQUATE STEPS TO ENSURE THAT THE INFORMATION ON THE INSURANCE PURCHASE EXCHANGE DISCLOSURE (IPED) FORM WAS ACCURATE. THE FIRM'S WSPS DID NOT REQUIRE REGISTERED REPRESENTATIVES TO SUBMIT THIRD-PARTY DOCUMENTATION REGARDING THE SURRENDERING ASSET THAT WOULD ALLOW THE REVIEWING PRINCIPALS TO VERIFY THE ACCURACY



OF INFORMATION ABOUT THE SURRENDERING ASSET. IN ADDITION, THE FIRM'S WSPS FAILED TO PROVIDE PRINCIPALS REVIEWING VA TRANSACTIONS WITH ANY GUIDANCE REGARDING HOW TO VERIFY SUCH INFORMATION. THE WSPS FAILED TO PROVIDE GUIDANCE ON HOW TO CONDUCT THE WSPS' REQUIREMENT FOR ADDITIONAL REVIEW. IN PRACTICE, THE DECISION TO CONDUCT AN ADDITIONAL REVIEW AND THE DETERMINATION OF WHAT ADDITIONAL REVIEW STEPS WERE TO BE TAKEN WERE MADE SOLELY BY THE PRINCIPAL REVIEWING THE TRANSACTIONS. IN 64 TRANSACTIONS, THE FIRM FAILED TO DOCUMENT THE ADDITIONAL REVIEW REQUIRED BY ITS WSPS. IN 29 OF THOSE TRANSACTIONS, THERE WAS NO MEANINGFUL DOCUMENTATION OF THE PRINCIPAL'S REVIEW AND JUSTIFICATION FOR APPROVAL IN EACH OF THESE 39 TRANSACTIONS. IN THE OTHER 35 TRANSACTIONS, THERE WAS NO DOCUMENTATION WHATSOEVER OF THE PRINCIPAL'S REVIEW. FINRA FOUND THAT THE FIRM DID NOT HAVE IN PLACE SYSTEMATIC SURVEILLANCE PROCEDURES TO IDENTIFY POSSIBLE INAPPROPRIATE RATES OF VA EXCHANGES. ALSO, ALTHOUGH THE FIRM'S WSPS STATED THAT INAPPROPRIATE REPLACEMENT OR EXCHANGES, "SWITCHING", OF VAS WAS PROHIBITED, THE WSPS FAILED TO EXPLAIN WHAT MAY CONSTITUTE AN INAPPROPRIATE RATE OF EXCHANGE. THE FIRM RELIED ON ITS SIX PRINCIPALS TO HAVE FAMILIARITY WITH THE OVER 2,000 VA TRANSACTIONS HE OR SHE WAS ASSIGNED TO REVIEW EACH YEAR, AND DID NOT MAINTAIN HISTORIC INFORMATION ABOUT RATES OF EXCHANGE. IT WAS UNREASONABLE TO EXPECT THE REVIEWING PRINCIPALS TO DETECT TRENDS FOR THIS NUMBER OF REPRESENTATIVES AND VOLUME OF VA SALES WITH NO ACCESS TO HISTORICAL DATA, SYSTEMATIC SURVEILLANCE PROCEDURES OR GUIDANCE FROM THE FIRM.

**Initiated By:** FINRA

**Date Initiated:** 07/22/2016

**Docket/Case Number:** [2014039092201](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/22/2016



<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS CENSURED AND FINED \$100,000. FINE PAID IN FULL ON AUGUST 4, 2016.
<hr/>	
<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT: (A)THE FIRM'S SUPERVISORY SYSTEM AND WSPS WERE NOT REASONABLY DESIGNED TO ENSURE THAT A REPRESENTATIVE'S FORM U4 WAS TIMELY AMENDED TO DISCLOSE BANKRUPTCIES, JUDGMENTS, AND LIENS, AND IN 18 INSTANCES A REGISTERED REPRESENTATIVE'S FORM U4 WAS NOT TIMELY AND/OR ACCURATELY AMENDED TO DISCLOSE A BANKRUPTCY, JUDGMENT OR LIEN; (B) THE FIRM DID NOT TIMELY REPORT 10 WRITTEN CUSTOMER COMPLAINTS AND THE SETTLEMENT OF ONE COMPLAINT ON REGISTERED REPRESENTATIVES' FORMS U4 WHEN MAKING ITS FINRA RULE 4530 FILING, AND FAILED TO ACCURATELY AND/OR TIMELY REPORT SEVEN CUSTOMER COMPLAINTS IN FINRA'S 4530 COMPLAINT REPORTING SYSTEM; (C) THE FIRM'S PRINCIPALS APPROVED AT LEAST 18 VARIABLE ANNUITY (VA) TRANSACTIONS WITHOUT OBTAINING SUFFICIENT DOCUMENTS AND INFORMATION TO DETERMINE SUITABILITY, IN 64 TRANSACTIONS THE FIRM FAILED TO DOCUMENT ADDITIONAL REVIEW OF VAS AS REQUIRED BY ITS WSPS, AND FINRA FOUND THAT THE FIRM DID NOT HAVE IN PLACE SYSTEMATIC SURVEILLANCE PROCEDURES TO IDENTIFY POSSIBLE INAPPROPRIATE RATES OF VA EXCHANGES, AND THE WSPS FAILED TO EXPLAIN WHAT MAY CONSTITUTE AN INAPPROPRIATE RATE OF EXCHANGE.
<b>Initiated By:</b>	FINANCIAL INDUSTRY REGULATORY AUTHORITY
<b>Date Initiated:</b>	07/22/2016
<b>Docket/Case Number:</b>	<a href="#">2014039092201</a>
<b>Principal Product Type:</b>	No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 07/22/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$100,000.

**Disclosure 6 of 17**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN RELEASE 34-74429, MARCH 4, 2015: 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 SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AGAINST H.D. VEST INVESTMENT SECURITIES, INC. D/B/A H.D. VEST INVESTMENT SERVICES. IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT H.D. VEST FAILED TO REASONABLY SUPERVISE A REGISTERED REPRESENTATIVE WITH A VIEW TO PREVENTING AND DETECTING HIS VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT OF 1933 AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER. AS PART OF A FRAUDULENT SCHEME, THE



REPRESENTATIVE MISAPPROPRIATED APPROXIMATELY \$300,000 FROM H.D. VEST BROKERAGE CUSTOMERS BY SOLICITING CUSTOMERS TO INVEST IN BOTH FOREIGN AND DOMESTIC BANK INVESTMENTS AND PROMISING GUARANTEED RETURNS. IN REALITY, THE REPRESENTATIVE USED THE FUNDS TO PAY FOR PERSONAL AND BUSINESS EXPENSES AND CONCEALED HIS ACTIONS BY MAKING FALSE AND MISLEADING REPRESENTATIONS TO HIS CUSTOMERS, INCLUDING FABRICATING BANK DOCUMENTS THAT PURPORTED TO MEMORIALIZE INVESTMENTS. HAD H.D. VEST ESTABLISHED REASONABLE SUPERVISORY POLICIES AND PROCEDURES PRIOR TO THE START OF THE REPRESENTATIVE'S FRAUDULENT SCHEME, IT LIKELY WOULD HAVE DISCOVERED THE REPRESENTATIVE'S MISAPPROPRIATION OF CUSTOMER FUNDS. SPECIFICALLY, AS PART OF HIS FRAUDULENT SCHEME, THE REPRESENTATIVE CONDUCTED UNAUTHORIZED AND DECEPTIVE WIRE TRANSFERS FROM CUSTOMER BROKERAGE ACCOUNTS TO BANK ACCOUNTS AND OTHER BROKERAGE ACCOUNTS IN THE NAME OF HIS OUTSIDE BUSINESS ACTIVITIES ("OBAS") WITHOUT H.D. VEST'S DETECTION. IF H.D. VEST HAD REASONABLE POLICIES AND PROCEDURES CONCERNING THE REVIEW OF THIRD-PARTY DISBURSEMENTS TO ITS REGISTERED REPRESENTATIVES FROM CUSTOMER BROKERAGE ACCOUNTS OR TO ENTITIES CONTROLLED BY ITS REGISTERED REPRESENTATIVES, IT LIKELY COULD HAVE PREVENTED AND DETECTED THE REPRESENTATIVE'S MISAPPROPRIATION OF CUSTOMER FUNDS. MOREOVER, IN ADDITION TO THE REPRESENTATIVE, CERTAIN OTHER REGISTERED REPRESENTATIVES DEPOSITED OR TRANSFERRED CUSTOMER FUNDS INTO OBA BANK ACCOUNTS AND MISUSED THE FUNDS FOR THEIR PERSONAL BENEFIT. BECAUSE THESE ACTIONS CREATED CUSTOMER LIABILITIES FOR H.D. VEST, AND IT DID NOT PERFORM THE REQUIRED RESERVE FORMULA CALCULATIONS OR MAINTAIN CASH AND/OR QUALIFIED SECURITIES IN A RESERVE BANK ACCOUNT FOR AMOUNTS OWED TO CUSTOMERS WHEN THE FIRM DETERMINED THAT IT OWED MONEY TO CUSTOMERS DUE TO ITS REPRESENTATIVES' ACTIONS, H.D. VEST VIOLATED CERTAIN PROVISIONS OF THE COMMISSION'S CUSTOMER PROTECTION REQUIREMENTS. ADDITIONALLY, H.D. VEST'S E-MAIL POLICY ALLOWED REGISTERED REPRESENTATIVES TO COMMUNICATE WITH CUSTOMERS ON INVESTMENT-RELATED MATTERS USING NON-H.D. VEST E-MAIL ACCOUNTS, SO LONG AS REGISTERED REPRESENTATIVES COPIED OR FORWARDED THOSE CUSTOMER COMMUNICATIONS TO IT. H.D. VEST HAS LEARNED, HOWEVER, THAT SOME REGISTERED REPRESENTATIVES FAILED TO FORWARD INVESTMENT RELATED CUSTOMER E-MAILS TO THE FIRM. (CONTINUED IN SECTION 14)

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 03/04/2015



<b>Docket/Case Number:</b>	3-16419
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	03/04/2015
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$225,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	UNDERTAKINGS
<b>Sanction Details:</b>	H.D. VEST IS ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 15(C)(3) AND 17(A) OF THE EXCHANGE ACT AND RULES 15C3-3 AND 17A-4(B)(4) PROMULGATED THEREUNDER; IT IS CENSURED; IT SHALL, WITHIN 30 DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$225,000 TO THE SEC; AND IT SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE OFFER.
<b>Regulator Statement</b>	(CONTINUED FROM SECTION 7) BECAUSE H.D. VEST DID NOT OBTAIN AND PRESERVE THOSE CUSTOMER COMMUNICATIONS, IT FAILED TO MAINTAIN ALL REQUIRED BUSINESS-RELATED E-MAILS IN VIOLATION OF CERTAIN BOOKS AND RECORDS PROVISIONS. AS A RESULT OF THE CONDUCT DESCRIBED ABOVE, H.D. VEST FAILED REASONABLY TO SUPERVISE THE REPRESENTATIVE WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT WITH A VIEW TO DETECTING HIS VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER. H.D. VEST ALSO WILLFULLY VIOLATED SECTION 15(C)(3) OF THE EXCHANGE ACT AND RULE 15C3-3 THEREUNDER BY FAILING TO MAINTAIN RESERVES FOR AMOUNTS OWED TO CUSTOMERS AND SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4(B)(4) THEREUNDER BY FAILING TO PRESERVE E-MAILS.



IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS VOLUNTARILY UNDERTAKEN BY RESPONDENT TO IMPROVE ITS SUPERVISORY SYSTEM FOR CUSTOMER CHECKS, WIRE TRANSFERS, AND AUTOMATED CLEARING HOUSE DISBURSEMENTS ISSUED TO REGISTERED REPRESENTATIVES AND/OR OBAS.

IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE, IN THE PUBLIC INTEREST, TO IMPOSE THE SANCTIONS AGREED TO IN H.D. VEST'S OFFER.

RESPONDENT H.D. VEST UNDERTAKES TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE ORDER, AT ITS OWN EXPENSE, THE SERVICES OF AN INDEPENDENT CONSULTANT NOT UNACCEPTABLE TO THE DIVISION OF ENFORCEMENT OF THE COMMISSION, TO REVIEW H.D. VEST'S WRITTEN SUPERVISORY POLICIES AND PROCEDURES; TO REQUIRE THE INDEPENDENT CONSULTANT, AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 150 DAYS AFTER THE ENTRY OF THE ORDER, TO SUBMIT A REPORT OF THE INDEPENDENT CONSULTANT TO H.D. VEST AND THE DIVISION OF ENFORCEMENT; TO ADOPT, IMPLEMENT, AND MAINTAIN ALL POLICIES, PROCEDURES, AND PRACTICES RECOMMENDED IN THE REPORT OF THE INDEPENDENT CONSULTANT; PROVIDED, HOWEVER, THAT WITHIN 180 DAYS FROM THE DATE OF THE ENTRY OF THE ORDER, H.D. VEST WILL IN WRITING ADVISE THE INDEPENDENT CONSULTANT AND THE DIVISION OF ENFORCEMENT OF ANY RECOMMENDATIONS THAT IT CONSIDERS TO BE UNNECESSARY OR INAPPROPRIATE. WITH RESPECT TO ANY SUCH RECOMMENDATION, H.D. VEST NEED NOT ADOPT THAT RECOMMENDATION AT THAT TIME BUT WILL PROPOSE IN WRITING AN ALTERNATIVE POLICY, PROCEDURE, OR SYSTEM DESIGNED TO ACHIEVE THE SAME OBJECTIVE OR PURPOSE; TO COOPERATE FULLY WITH THE INDEPENDENT CONSULTANT IN ITS REVIEW, INCLUDING MAKING SUCH INFORMATION AND DOCUMENTS AVAILABLE AS THE INDEPENDENT CONSULTANT MAY REASONABLY REQUEST; THAT, IN ORDER TO ENSURE THE INDEPENDENCE OF THE INDEPENDENT CONSULTANT, H.D. VEST SHALL NOT HAVE THE AUTHORITY TO TERMINATE THE INDEPENDENT CONSULTANT WITHOUT PRIOR WRITTEN APPROVAL OF THE DIVISION OF ENFORCEMENT; AND SHALL COMPENSATE THE INDEPENDENT CONSULTANT; TO REQUIRE THE INDEPENDENT CONSULTANT TO ENTER INTO AN AGREEMENT THAT PROVIDES THAT, FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE INDEPENDENT CONSULTANT SHALL NOT ENTER INTO ANY EMPLOYMENT, CONSULTANT, ATTORNEY-CLIENT, AUDITING OR OTHER PROFESSIONAL RELATIONSHIP WITH H.D. VEST, OR ANY OF ITS PRESENT OR FORMER AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS ACTING IN THEIR CAPACITY AS SUCH; AND TO CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKING(S) SET FORTH ABOVE.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ACCORDING TO THE COMMISSION, THE FIRM FAILED TO SUPERVISE FORMER REGISTERED REPRESENTATIVE LEWIS HUNTER WITH A VIEW TO PREVENTING AND DETECTING HIS MISAPPROPRIATION OF FUNDS IN VIOLATION OF SECTION 17(A) OF THE SECURITIES ACT OF 1933 AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER; FAILED TO MAKE A RESERVE FORMULA CALCULATION AND BANK ACCOUNT DEPOSIT UNDER RULE 15C3-3 WHEN IT DETERMINED IT OWED MONEY TO CUSTOMERS DUE TO REPRESENTATIVES' ACTIONS; AND FAILED TO PRESERVE EMAILS IN VIOLATION OF CERTAIN BOOKS AND RECORDS PROVISIONS.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 03/04/2015

**Docket/Case Number:** 3-16419

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** CENSURE; UNDERTAKING

**Resolution:** Order

**Resolution Date:** 03/04/2015

**Sanctions Ordered:** Censure  
Monetary/Fine \$225,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKING TO RETAIN INDEPENDENT CONSULTANT TO REVIEW CERTAIN POLICIES AND PROCEDURES.

**Sanction Details:** CIVIL PENALTY OF \$225,000; CENSURE; CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 15(C)(3) AND 17(A) OF THE EXCHANGE ACT AND RULES 15(C)(3) AND 17(A)(4) PROMULGATED THEREUNDER; UNDERTAKING TO RETAIN INDEPENDENT CONSULTANT TO REVIEW CERTAIN POLICIES AND PROCEDURES.

**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM OFFERED TO



SETTLE THE MATTER BY CONSENTING TO THE ENTRY OF AN ORDER INSTITUTING ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. THE SEC ACCEPTED THE SETTLEMENT AND ENTERED THE ORDER ON MARCH 4, 2015.

## Disclosure 7 of 17

### Reporting Source:

Regulator

### Current Status:

Final

### Allegations:

FINRA BY-LAWS ARTICLE III, SECTION 3, FINRA RULE 2010, NASD RULES 2110, 3010: FINRA SENT THE FIRM NUMEROUS ELECTRONIC WEBCRD LETTERS. EACH OF THESE LETTERS ADVISING THE FIRM OF INFORMATION THAT MIGHT HAVE REQUIRED THE FIRM TO AMEND THE UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER (FORM U4) FOR ONE OF THE FIRM'S REGISTERED REPRESENTATIVES, AND THE FIRM FAILED TO RESPOND TO 25 WEBCRD LETTERS. WITH RESPECT TO 19 OF THOSE LETTERS, THE FIRM REQUESTED INFORMATION FROM THE REGISTERED REPRESENTATIVE MENTIONED IN THE LETTER, BUT DID NOT RECEIVE A RESPONSE FROM THE REPRESENTATIVE AND THE FIRM FAILED TO PURSUE ANY OF THESE LETTERS FURTHER. THE FIRM TOOK NO ACTION REGARDING THE OTHER SIX WEBCRD LETTERS. THE FIRM EXPLAINED TO FINRA THAT THERE WAS INTERNAL CONFUSION AS TO WHICH DEPARTMENT WAS RESPONSIBLE FOR MONITORING AND FOLLOWING UP WITH FINRA'S CENTRAL REGISTRATION DEPOSITORY (CRD) AND THE SUBJECT INDIVIDUALS. AS A RESULT OF ITS FAILURE TO RESPOND APPROPRIATELY TO THE CRD DISCLOSURE LETTERS, THE FIRM FAILED TO LEARN THAT SOME INDIVIDUALS WERE STATUTORILY DISQUALIFIED WHILE ASSOCIATED WITH THE FIRM, THUS THE FIRM ALLOWED THESE STATUTORILY DISQUALIFIED INDIVIDUALS TO REGISTER OR ASSOCIATE WITH THE FIRM. ONE OF THE INDIVIDUALS, ALTHOUGH STATUTORILY DISQUALIFIED, WAS PERMITTED UNDER THE TERMS OF REGULATORY NOTICE 09-19 TO CONTINUE HIS ASSOCIATION WITH THE FIRM WITHOUT AN APPLICATION FOR READMISSION, PROVIDED THE FIRM DID NOT SEEK TO REGISTER HIM AS A PRINCIPAL. THE FAILURES WERE A DIRECT OUTGROWTH OF INADEQUATE WRITTEN SUPERVISORY PROCEDURES AT THE FIRM FOR A PERIOD. THE LACK OF EFFECTIVE SUPERVISORY PROCEDURES CONCERNING THE DISCLOSURE QUEUE FOSTERED CONFUSION WITHIN THE FIRM REGARDING WHO WAS RESPONSIBLE FOR MONITORING CRD COMMUNICATIONS. AS A RESULT, THE FIRM EITHER FAILED TO FOLLOW UP ON REQUESTS FOR INFORMATION SENT TO REGISTERED REPRESENTATIVES IN RESPONSE TO DISCLOSURE LETTERS, OR FAILED TO TAKE ANY ACTION WHATSOEVER IN RESPONSE TO THOSE



DISCLOSURE LETTERS.

**Initiated By:** FINRA

**Date Initiated:** 01/29/2013

**Docket/Case Number:** [2010024282701](#)

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

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

**Resolution Date:** 01/29/2013

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$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. FINE PAID IN FULL ON 2/12/13.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE AWC FOUND THAT BETWEEN JULY 2006 AND JANUARY 2011, H.D.VEST ALLOWED FOR STATUTORILY DISQUALIFIED INDIVIDUALS TO REGISTER OR ASSOCIATE WITH THE FIRM.

**Initiated By:** FINRA

**Date Initiated:** 01/17/2013

**Docket/Case Number:** [2010024282701](#)



**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** PLUS FINE OF \$50,000  
**Resolution:** Acceptance, Waiver & Consent(AWC)  
**Resolution Date:** 01/29/2013  
**Sanctions Ordered:** Censure  
 Monetary/Fine \$50,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** \$50,000 FINE PAID BY THE APPLICANT ON JANUARY 17, 2013.  
**Firm Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, H.D.VEST ACCEPTED AND CONSENTED TO A CENSURE AND FINE OF \$50,000 ON JANUARY 17, 2013.

#### Disclosure 8 of 17

**Reporting Source:** Firm  
**Current Status:** Final  
**Allegations:** THE STATE OF VERMONT ALLEGED THAT THE FIRM FAILED TO UPDATE BRANCH OFFICE SUPERVISOR INFORMATION.  
**Initiated By:** STATE OF VERMONT  
**Date Initiated:** 04/22/2008  
**Docket/Case Number:** 08-039-S  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Consent  
**Resolution Date:** 04/22/2008



<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00 Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON 4/7/2008 THE FIRM PAID A FINE OF \$10,000.00.
<b>Firm Statement</b>	THE STATE OF VERMONT ALLEDGED THAT THE FIRM FAILED TO UPDATE BRANCH OFFICE SUPERVISOR INFORMATION. WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS THE FIRM AGREED ON 4/4/2008 TO THE ENTRY OF A ORDER PURSUANT TO WHICH THE FIRM AGREED TO PAY A MONETARY FINE.

### Disclosure 9 of 17

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULE 6230(A) - H.D. VEST INVESTMENT SERVICES FAILED TO REPORT TO TRACE REPORTS IN TRACE-ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 30 MINUTES OF THE TIME OF EXECUTION; AND REPORTED TO TRACE REPORTS IN TRACE-ELIGIBLE SECURITIES THAT IT WAS NOT REQUIRED TO REPORT.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	11/10/2006
<b>Docket/Case Number:</b>	<a href="#">2005000454601</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	TRACE-ELIGIBLE SECURITIES
<b>Principal Sanction(s)/Relief Sought:</b>	
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	11/10/2006
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No



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

**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 \$10,000.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULE 6230 (A) - H. D. VEST INVESTMENT SERVICES FAILED TO REPORT TO TRACE REPORTS IN TRACE - ELIGIBLE SECURITIES EXECUTED ON A BUSINESS DAY DURING TRACE SYSTEM HOURS WITHIN 30 MINUTES OF THE TIME OF EXECUTION AND REPORTED TO TRACE REPORTS IN TRACE - ELIGIBLE SECURITIES THAT IS WAS NOT REQUIRED TO REPORT.

**Initiated By:** NASD

**Date Initiated:** 11/10/2006

**Docket/Case Number:** [2005000454601](#)

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 11/10/2006

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

**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 \$10,000.00.



**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** H.D. VEST INVESTMENT SERVICES FAILED TO REASONABLY SUPERVISE ITS AGENT WHOSE ACTS AND CONDUCT FORM A BASIS TO SANCTION H.D. BEST INVESTMENT SERVICES.

**Initiated By:** PENNSYLVANIA CONTACT: PAUL VON GEIS (717)-783-5177

**Date Initiated:** 05/31/2006

**Docket/Case Number:** 2006-04-25

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** H.D. VEST INVESTMENT SERVICES PAID A \$70,000.00 ADMINISTRATIVE ASSESSMENT AND \$20,000.00 INVESTIGATIVE AND LEGAL COSTS.

**Resolution:** Settled

**Resolution Date:** 05/31/2006

**Sanctions Ordered:** Monetary/Fine \$90,000.00

**Other Sanctions Ordered:**

**Sanction Details:** H.D. VEST INVESTMENT SERVICES PAID A \$70,000.00 ADMINISTRATIVE ASSESSMENT AND \$20,000.00 INVESTIGATIVE AND LEGAL COSTS.

**Regulator Statement** FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO H.D. VEST INVESTMENT SERVICES.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** BY ENGAGING IN THE ACTS AND CONDUCT SET FORTH IN PARAGRAPHS 1 THROUGH 4 OF THE FINDINGS OF FACT, RESPONDENT HD VEST FAILED TO REASONABLY SUPERVISE ITS AGENT WHOSE ACTS AND CONDUCT FOR A BASIS TO SANCTION RESPONDENT HD VEST PURSUANT TO SECTIN 305(A)(VII) OF THE 1972 ACT, 70P.S. 1-305(A)(VII)

**Initiated By:** COMMONWEALTH OF PENNSYLVANIA

**Date Initiated:** 05/17/2006



**Docket/Case Number:** 2006-04-25

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Settled

**Resolution Date:** 05/10/2006

**Sanctions Ordered:** Monetary/Fine \$90,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 5/17/2006 A CHECK IN THE AMOUNT OF \$90,000.00 WAS SENT TO THE COMMONWEALTH OD PENNSYLVANIA FOR PAYMENT OF SETTLEMENT

**Firm Statement** WITHOUT ADMISSION OR DENIAL OF THE PRINCIPAL ALLEGATIONS, THE FIRM PAID A SETTLEMENT OF \$90,000.00 TO THE COMMONWEALTH OF PENNSYLVANIA

#### Disclosure 11 of 17

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD CONDUCT RULES 2830(K), 2830(1), 2110 AND 3010; H.D. VEST INVESTMENT SERVICES MAINTAINED A REVENUE SHARING PROGRAM IN WHICH PARTICIPATING MUTUAL FUND FAMILIES PAID A FEE IN RETURN FOR PREFERENTIAL MARKETING AND DISTRIBUTION ACCESS, INCLUDING ENHANCED ACCESS TO THE FIRM'S SALES FORCE AND HYPERLINKS TO THOSE FUND'S WEBSITES ON THE FIRM'S INTERNAL WEBSITE. PARTICIPATING FUND COMPLEXES PAID ALL OR SOME OF THEIR FEES FOR PARTICIPATING IN THE PROGRAMS BY DIRECTING MUTUAL FUND PORTFOLIO BROKERAGE COMMISSIONS TO THE FIRM. THE FIRM ENTERED INTO OR ACCEPTED REIMBURSEMENT IN CONNECTION WITH NON-CASH COMPENSATION ARRANGEMENTS WITH ITS ASSOCIATED PERSONS THAT DID NOT AWARD EQUALLY WEIGHTED CREDIT FOR SALES OF INVESTMENT COMPANY SECURITIES; THE FIRM VIOLATED THE RECORD KEEPING REQUIREMENTS OF NASD RULE WHEN IT FAILED TO MAKE AND KEEP RECORDS OF COMPENSATION RECEIVED AND ITS ASSOCIATED PERSON. IN ADDITION, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SYSTEM



AND PROCEDURES REASONABLY DESIGNED TO DETECT AND PREVENT VIOLATIONS OF NASD RULES RELATING TO CASH AND NON-CASH COMPENSATION IN CONNECTION WITH THE SALE OF INVESTMENT COMPANY SECURITIES.

**Initiated By:** NASD

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

**Docket/Case Number:** [CE1050007](#)

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

**Other Product Type(s):**

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

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

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

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

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

**Sanctions Ordered:** Censure  
Monetary/Fine \$4,015,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS H.D. VEST INVESTMENT SERVICES CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THEREFORE, THE FIRM IS CENSURED AND FINED 4,015,000.00

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** RULE VIOLATIONS IN CONNECTION WITH ALLEGED ACCEPTANCE OF DIRECTED BROKERAGE IN CONNECTION WITH MUTUAL FUND SALES(NASD RULE 2830(K); UNEQUAL WEIGHTING OF SECURITIES IN SALES CONTESTS; AND VIOLATIONS OF RECORDKEEPING AND SUPERVISORY REQUIREMENTS IN CONNECTION WITH NON-CASH



COMPENSATION.

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

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

**Docket/Case Number:** [CE1050007](#)

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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 05/23/2005

**Sanctions Ordered:** Censure  
Monetary/Fine \$4,015,000.00

**Other Sanctions Ordered:**

**Sanction Details:** FINE OF \$4015000.00 PAID ON OR ABOUT JUNE 2005

**Firm Statement** NASD ACCEPTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FOR THE PURPOSE OF SETTLING THIS MATTER ON JUNE 8, 2005. THE FIRM NEITHER ADMITTED NOR DENIED THE ALLEGATIONS.

#### Disclosure 12 of 17

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** SEC ADMIN PROCEEDING FILE NO. 3-11413, RELS 33-8383, 34-49226, DATED FEBRUARY 12, 2004 - THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") 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 ("SECURITIES ACT") AND SECTIONS 15(B)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST H. D. VEST INVESTMENT SECURITIES, INC. ("VEST" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, VEST HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT.

**Initiated By:** UNITED STATES SECURITIES AND EXCHANGE COMMISSION



**Date Initiated:** 02/12/2004

**Docket/Case Number:** SEC ADMIN FILE NO. 3-11413/REL 33-8383

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

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Cease and Desist

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

**Resolution:** Order

**Resolution Date:** 02/12/2004

**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 \$1,054,420.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** IT IS HEREBY ORDERED THAT: PURSUANT TO SECTION 15(B)(4) OF THE EXCHANGE ACT, VEST IS CENSURED; PURSUANT TO SECTION 8A OF THE SECURITIES ACT AND SECTION 21C OF THE EXCHANGE ACT, VEST SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT AND RULE 10B-10 UNDER THE EXCHANGE ACT; WITHIN 10 DAYS OF THE ENTRY OF THIS ORDER, VEST SHALL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$1,054,420 TO THE UNITED STATES TREASURY, OF WHICH \$362,608 IS ATTRIBUTABLE TO VEST'S CLASS A SHARE VIOLATIONS AND \$691,812 OF WHICH IS ATTRIBUTABLE TO ITS CLASS B SHARE VIOLATIONS. VEST SHALL PAY DISGORGEMENT AND PREJUDGMENT INTEREST, WHICH OBLIGATION SHALL BE SATISFIED BY COMPLIANCE WITH THE CUSTOMER REFUND PROGRAM SUMMARIZED IN THE ORDER, AND MORE FULLY SET FORTH IN NASD'S RELATED ORDER; VEST SHALL COMPLY WITH THE TERMS OF THE UNDERTAKINGS SET FORTH IN THE ORDER; AND NOT LATER THAN 6 MONTHS AFTER THE DATE OF THE ORDER, UNLESS OTHERWISE EXTENDED BY THE STAFF OF THE COMMISSION FOR GOOD CAUSE SHOWN, VEST'S CHIEF EXECUTIVE



OFFICER SHALL CERTIFY IN WRITING TO THE STAFF OF THE COMMISSION THAT VEST HAS: 1) IMPLEMENTED PROCEDURES, AND A SYSTEM FOR APPLYING SUCH PROCEDURES, THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES BY VEST TO PROVIDE APPROPRIATE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS, BASED ON INFORMATION REASONABLY ASCERTAINABLE BY VEST; AND 2) TAKEN ALL NECESSARY AND APPROPRIATE STEPS TO ADOPT AND IMPLEMENT ALL RECOMMENDATIONS AND PROPOSALS OF THE INDEPENDENT CONSULTANT.

### Regulator Statement

THIS MATTER INVOLVES VIOLATIONS OF THE FEDERAL SECURITIES LAWS BY VEST IN CONNECTION WITH ITS OFFER AND SALE OF CLASS A AND CLASS B SHARES ISSUED BY MUTUAL FUNDS. BETWEEN 2001 AND 2002, VEST SOLD CLASS A SHARES WITHOUT PROVIDING CERTAIN CUSTOMERS WITH THE REDUCTIONS IN FRONT-END LOADS, OR SALES CHARGES, ALSO KNOWN AS "BREAKPOINT" DISCOUNTS, DESCRIBED IN THE PROSPECTUSES OF THE FUNDS. ACCORDING TO DATA VEST SUBMITTED TO NASD, VEST IS ESTIMATED TO HAVE FAILED TO GIVE CERTAIN CUSTOMERS BREAKPOINT DISCOUNTS TOTALING APPROXIMATELY \$725,216 DURING THE ABOVE PERIOD. BY FAILING TO DISCLOSE TO CERTAIN CUSTOMERS THAT THEY WERE NOT RECEIVING THE BENEFIT OF APPLICABLE BREAKPOINT DISCOUNTS, VEST VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT. FURTHER, BECAUSE VEST DID NOT CHARGE THESE CUSTOMERS THE CORRECT SALES LOADS AS SET FORTH IN THE MUTUAL FUNDS' PROSPECTUSES, AND ALSO DID NOT DISCLOSE IN CONFIRMATIONS THE REMUNERATION VEST RECEIVED FROM THE SALES LOADS CHARGED TO THESE CUSTOMERS, VEST VIOLATED RULE 10B-10 UNDER THE EXCHANGE ACT.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Appealed To and Date Appeal Filed:</b>	N/A
<b>Allegations:</b>	VIOLATION OF FEDERAL SECURITIES LAWS IN CONNECTION WITH OFFER AND SALES OF CLASS A AND B SHARES
<b>Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	02/12/2004
<b>Docket/Case Number:</b>	3-11413



<b>Principal Product Type:</b>	Mutual Fund(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE OTHER SANCTION:CIVIL MONEY PENALTY, DISGORGEMENT AND PREJUDGEMENT INTEREST.
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	02/12/2004
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,054,420.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	PREJUDGEMENT INTEREST
<b>Sanction Details:</b>	CIVIL MONEY PENALTY OF 1,054,420.00 PAID ON OR ABOUT FEBRUARY 12, 2004, CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FURTHER VIOLATIONS OF SECURITIES RULES.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE ENTRY OF AN ORDER INSTITUTING ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS.

#### Disclosure 13 of 17

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULE 2110 - RESPONDENT MEMBER SOLD SHARES ISSUED BY MUTUAL FUNDS WITHOUT PROVIDING CERTAIN CUSTOMERS WITH BREAKPOINT DISCOUNTS DESCRIBED IN THE PROSPECTUSES OF THE FUND; FAILED TO GIVE ITS CUSTOMERS BREAKPOINT DISCOUNTS IN 33.39% OF ELIGIBLE MUTUAL FUND TRANSACTIONS IN 2001 AND 2002 THAT RESULTED IN MISSED BREAKPOINTS THAT WOULD HAVE REDUCED CUSTOMERS' CHARGES BY AT LEAST \$725,217 ON THEIR PURCHASES OF MUTUAL FUND SHARES WITH FRONT-END LOADS DURING THE RELEVANT PERIOD.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	02/12/2004
<b>Docket/Case Number:</b>	CAF040009



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

**Other Product Type(s):**

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

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

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

**Resolution Date:** 02/12/2004

**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 \$362,608.50

**Other Sanctions Ordered:** UNDERTAKINGS

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, H.D. VEST INVESTMENT SECURITIES, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$725,217, OF WHICH ONE HALF SHALL BE PAID TO NASD AND ONE HALF TO THE U.S. TREASURY PURSUANT TO RELATED SEC PROCEEDINGS, AND REQUIRED TO PROVIDE WRITTEN NOTIFICATION TO EACH CUSTOMER WHO PURCHASED FRONT-END LOAD MUTUAL FUNDS THROUGH THE FIRM FROM JANUARY 1, 1999 THROUGH NOVEMBER 3, 2003 THAT THE FIRM EXPERIENCED A PROBLEM DELIVERING BREAKPOINT DISCOUNTS AND THAT AS A RESULT, THE CUSTOMER MAY BE ENTITLED TO A REFUND; PERFORM A TRADE-BY-TRADE ANALYSIS OF ALL FRONT-END LOAD MUTUAL FUND PURCHASES OF \$2,500 OR MORE AND ALL OVERCHARGES IDENTIFIED REFUNDED BY MARCH 31, 2004; PROVIDE REFUNDS TO ALL CUSTOMERS WHO DID NOT RECEIVE ALL APPLICABLE BREAKPOINT DISCOUNTS AS DESCRIBED IN NTM 03-47; PROVIDE NASD A REPORT ON RESPONDENT'S PROGRAM BY 4/16/04; AND NOT LATER THAN SIX MONTHS AFTER THE DATE OF THIS ORDER, RESPONDENT'S CHIEF EXECUTIVE OFFICER SHALL CERTIFY IN WRITING TO NASD THAT RESPONDENT HAS IMPLEMENTED PROCEDURES AND A SYSTEM FOR IDENTIFYING SUCH PROCEDURES THAT CAN REASONABLY BE EXPECTED TO PREVENT AND DETECT FAILURES TO PROVIDE BREAKPOINT DISCOUNTS FOR WHICH CUSTOMERS ARE ELIGIBLE ON PURCHASES OF FRONT-END LOAD MUTUAL FUNDS.



**Reporting Source:** Firm

**Current Status:** Final

**Appealed To and Date Appeal Filed:** N/A

**Allegations:** VIOLATION OF FEDERAL SECURITIES LAWS IN CONNECTION WITH OFFER AND SALE OF CLASS A SHARES

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

**Date Initiated:** 02/12/2004

**Docket/Case Number:** CAF040009

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

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** CIVIL MONEY PENALTY AND DISGORGEMENT

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

**Resolution Date:** 02/12/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$326,608.50  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** CIVIL MONEY PENALTY OF \$326,608.50 PAID ON OR ABOUT FEBRUARY 12, 2004.

**Firm Statement** THE FIRM SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT FOR THE PURPOSE OF PROPOSING A SETTLEMENT OF THE ALLEGED RULE VIOLATION.

#### Disclosure 14 of 17

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** INVESTIGATION INTO SALES OF CHARITABLE GIFT ANNUITIES TO VERMONT RESIDENTS BY A FORMER REGISTERED REPRESENTATIVE OF



H.D. VEST INVESTMENT SERVICES

**Initiated By:** VERMONT  
**Date Initiated:** 07/16/2003  
**Docket/Case Number:** 03-049-S  
**URL for Regulatory Action:**  
**Principal Product Type:** Other  
**Other Product Type(s):** CHARITABLE GIFT ANNUITIES  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** SEE QUESTION #13  
**Resolution:** Order  
**Resolution Date:** 07/16/2003  
**Sanctions Ordered:**  
**Other Sanctions Ordered:** \$2,500 IN ADMINISTRATIVE/INVESTIGATIVE COSTS  
**Sanction Details:** \$2,500 IN ADMINISTRATIVE/INVESTIGATIVE COSTS  
**Regulator Statement** FIRM MUST REVIEW AND REVISE: COMPLIANCE SUPERVISORY PROCEDURES; COMPLIANCE MANUALS; AND TRAINING PROCEDURES REGARDING OUTSIDE BUSINESS ACTIVITIES TO INCLUDE IMPORTANCE OF MONITORING AND REPORTING PROPOSED OUTSIDE BUSINESS ACTIVITIES. FIRM MUST ESTABLISH WRITTEN GUIDELINES FOR THE USE OF SUPERVISORS AND COMPLIANCE OFFICERS IN DETERMINING WHETHER NON-VEST FINANCIAL PRODUCTS ARE SECURITIES OR PRIVATE SECURITIES TRANSACTIONS.

**Reporting Source:** Firm  
**Current Status:** Final  
**Appealed To and Date Appeal Filed:** N/A

**Allegations:** INVESTIGATION INTO SALES OF CHARITABLE GIFT ANNUITIES TO VERMONT RESIDENTS BY A FORMER REGISTERED REP OF HD VEST

**Initiated By:** VERMONT  
**Date Initiated:** 07/16/2003



**Docket/Case Number:** 03-049-S  
**Principal Product Type:** Annuity(ies) - Variable  
**Other Product Type(s):** CHARITABLE GIFT ANNUITY  
**Principal Sanction(s)/Relief Sought:** Other  
**Other Sanction(s)/Relief Sought:** ORDER  
**Resolution:** Order  
**Resolution Date:** 07/16/2003  
**Sanctions Ordered:**  
**Other Sanctions Ordered:** \$2,500 IN ADMINISTRATIVE/INVESTIGATIVE COSTS  
**Sanction Details:** \$2,500 IN ADMINISTRATIVE/INVESTIGATIVE COSTS  
**Firm Statement** FIRM MUST REVIEW AND REVISE COMPLIANCE SUPERVISORY PROCEDURES; COMPLIANCE MANUALS

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#### Disclosure 15 of 17

**Reporting Source:** Regulator  
**Current Status:** Final  
**Allegations:** UNREGISTERED ACTIVITY  
**Initiated By:** FLORIDA DIVISION OF SECURITIES  
**Date Initiated:** 12/08/1999  
**Docket/Case Number:** 2889-S-11/99  
**URL for Regulatory Action:**  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:**  
**Other Sanction(s)/Relief Sought:**  
**Resolution:** Stipulation and Consent  
**Resolution Date:** 12/08/1999



**Sanctions Ordered:** Disgorgement/Restitution

**Other Sanctions Ordered:** FIRM MUST ALSO DISGORGE COMMISSIONS IN THE AMOUNT OF \$10,823.63.

**Sanction Details:** NA

**Regulator Statement** THE DIVISION AGREES TO APPROVE THE FIRM'S PENDING BRANCH OFFICE APPLICATIONS.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF FLORIDA ALLEGED THAT THE FIRM CONDUCTED BUSINESS FROM A BRANCH OFFICE PRIOR TO THE TIME A BRANCH OFFICE REGISTRATION FORM FILED BY THE FIRM WAS APPROVED.

**Initiated By:** STATE OF FLORIDA

**Date Initiated:** 12/06/1999

**Docket/Case Number:** 2889-5-11/99

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Stipulation and Consent

**Resolution Date:** 12/08/1999

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

**Other Sanctions Ordered:**

**Sanction Details:** ON 12/8/99 THE FIRM PAID A FINE OF \$5000 AND DISGORGED COMMISSIONS TOTALING \$10823.63.

**Firm Statement** THE STATE OF FLORIDA ALLEGED THAT THE FIRM CONDUCTED BUSINESS FROM A BRANCH OFFICE PRIOR TO THE TIME A BRANCH OFFICE REGISTRATION FORM FILED BY THE FIRM WAS APPROVED. WITHOUT ADMITTING OR DENYING THE UNDERLYING ALLEGATIONS, THE FRIM AGREED ON DECEMBER 8, 1999, TO THE ENTRY OF AN ORDER PURSUANT

TO WHICH THE FIRM AGREED TO PAY A MONETARY FINE AND TO DISGORGE COMMISSIONS RECEIVED DURING THE PERIOD THE OFFICE ALLEGEDLY OPERATED WITHOUT APPROVED BRANCH REGISTRATION.

#### Disclosure 16 of 17

<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGED DEFICIENCIES IN RECORD KEEPING, ADVERTISING, COOPERATION IN EXAMINATION AND INADEQUATE SUPERVISION.
<b>Initiated By:</b>	IDAHO DEPARTMENT OF FINANCE
<b>Date Initiated:</b>	12/06/1995
<b>Docket/Case Number:</b>	DOCKET # 1994-7-90
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Undertaking
<b>Other Sanction(s)/Relief Sought:</b>	REIMBURSE COSTS OF INVESTIGATION
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	09/21/1995
<b>Sanctions Ordered:</b>	Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	REIMBURSEMENT OF COST OF INVESTIGATION IN THE AMOUNT OF \$3000 MADE ON OR ABOUT SEPTEMBER 21, 1995.
<b>Firm Statement</b>	IN CORRECTION WITH ALLEGED ADVERTISING AND SUPERVISION VIOLATIONS, WITHOUT ADMITTING OR DENYING AND PRINCIPAL ALLEGATIONS, THE FIRM AGREED WITH THE STATE OF IDAHO TO PAY COSTS OF INVESTIGATION AND TO AUDIT THE ADVERTISING OF REPRESENTATIVES.

#### Disclosure 17 of 17

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final

**Allegations:****Initiated By:** SECURITIES AND EXCHANGE COMMISSION**Date Initiated:** 07/17/1995**Docket/Case Number:** Unknown**Principal Product Type:****Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Consent**Resolution Date:** 07/17/1995**Sanctions Ordered:** Censure**Other Sanctions Ordered:****Sanction Details:****Regulator Statement**

~7/18/95 SEC NEWS DIGEST, ISSUE NO. 95-136, DATED JULY 17, 1995, ADMINISTRATIVE PROCEEDINGS DISCLOSE: "H.D. VEST INVESTMENT SECURITIES, INC. SANCTIONED AND FINED"; THE COMMISSION HAS ISSUED AN ORDER INSTITUTING PUBLIC ADMINISTRATIVE PROCEEDINGS, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AGAINST H. D. VEST INVESTMENT SECURITIES, INC., A REGISTERED BROKER-DEALER. THE COMMISSION FOUND THAT H. D. VEST FAILED REASONABLY TO SUPERVISE A REGISTERED REPRESENTATIVE, WHO WAS A PERSON SUBJECT TO THE FIRM'S SUPERVISION, WITH A VIEW TOWARD PREVENTING VIOLATIONS OF THE ANTI-PROVISIONS OF THE SECURITIES LAWS WHICH SUPERVISION IS REQUIRED BY SECTION 15(b)(4)(E) OF THE EXCHANGE ACT. SIMULTANEOUSLY WITH THE INSTITUTION OF THE PROCEEDINGS, THE COMMISSION ACCEPTED AN OFFER OF SETTLEMENT FROM H. D. VEST WHEREIN THE FIRM CONSENTED, WITHOUT ADMITTING OR DENYING THE FINDINGS CONTAINED THEREIN, TO THE ISSUANCE OF THE ORDER AND THE SANCTIONS IMPOSED. THE ORDER CENSURES HD VEST, MAKES FINDINGS OF THE VIOLATIONS AS ALLEGED, IMPOSES A CIVIL PENALTY OF \$50,000, AND DIRECTS HD VEST TO COMPLY WITH ITS UNDERTAKINGS TO SUPPLEMENT AND MODIFY ITS COMPLIANCE AND SUPERVISORY POLICIES AND PROCEDURES, TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A REVIEW OF, REPORT ON, AND MAKE RECOMENDATION

REGARDING HD VEST'S SUPERVISORY AND COMPLIANCE POLICIES AND PROCEDURES, TO ADOPT THE RECOMMENDATIONS OF THE INDEPENDENT CONSULTANT; AND TO FILE AN AFFIDAVIT INDICATING THAT IT HAS COMPLIED WITH THE TERMS OF THE COMMISSION'S ORDER. (REL. 34-35946)

+07/16/96+ SEC DOCKET, VOLUME 59, NO. 15, DATED AUGUST 8, 1995, PAGE 2330, DISCLOSES; THE COMMISSION ISSUED AN ORDER OF CENSURE AND FINE AGAINST RESPONDENT ON JULY 10, 1995.

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<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	FAILURE TO SUPERVISE, INADEQUATE PROCEDURES
<b>Initiated By:</b>	THE SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/20/1993
<b>Docket/Case Number:</b>	FILE #3-8746
<b>Principal Product Type:</b>	Index Option(s)
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	07/19/1995
<b>Sanctions Ordered:</b>	Monetary/Fine \$50,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	\$50,000 PAID ON OR ABOUT JULY 19, 1995.
<b>Firm Statement</b>	WITHOUT ADMISSION OR DENIAL OF THE PRINCIPAL ALLEGATIONS, THE FIRM PAID IN SETTLEMENT A CIVIL PENALTY OF \$50,000 AND AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW ITS SUPERVISORY PROCEDURES.



## 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 4

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	06/22/2004
<b>Case Number:</b>	<a href="#">04-04245</a>
<b>Disputed Product Type:</b>	ANNUITIES; NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
<b>Sum of All Relief Requested:</b>	\$159,108.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	07/18/2005
<b>Sum of All Relief Awarded:</b>	\$42,000.01

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 4

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE
<b>Arbitration Forum:</b>	NASD
<b>Case Initiated:</b>	08/02/2004
<b>Case Number:</b>	<a href="#">04-05422</a>



**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS  
**Sum of All Relief Requested:** \$50,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 02/02/2005  
**Sum of All Relief Awarded:** \$19,125.00

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 4

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT  
**Arbitration Forum:** NASD  
**Case Initiated:** 09/07/2006  
**Case Number:** [06-04035](#)  
**Disputed Product Type:** ANNUITIES; GOVERNMENT SECURITIES; MUTUAL FUNDS; OTHER TYPES OF SECURITIES  
**Sum of All Relief Requested:** \$27,992.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 06/15/2007  
**Sum of All Relief Awarded:** \$21,879.51

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 4

**Reporting Source:** Regulator  
**Type of Event:** ARBITRATION  
**Allegations:** ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING



**Arbitration Forum:** NASD  
**Case Initiated:** 02/08/1995  
**Case Number:** [94-04271](#)  
**Disputed Product Type:** NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS  
**Sum of All Relief Requested:** \$4,265,000.00  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 09/04/1996  
**Sum of All Relief Awarded:** \$1,688,954.32

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



## Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Firm
<b>Policy Holder:</b>	H.D. VEST INVESTMENT SECURITIES, INC.
<b>Bonding Company Name:</b>	NATIONAL UNION FIRE INSURANCE COMPANY
<b>Disposition:</b>	Payout
<b>Disposition Date:</b>	05/22/1999
<b>Payout Details:</b>	CIVIL CASE #91-CV-0605-NPM - SETTLEMENT OF \$45,000 - PAID MAY 1992
<b>Firm Statement</b>	JANET EVANS BROUGHT A CLAIM ALLEGING A REGISTERED REPRESENTATIVE HAD STOLEN FUNDS ENTRUSTED TO HIM. NATIONAL UNION PAID A CLAIM UNDER ITS FIDELITY BOND IN THE AMOUNT OF \$40,000. THE FIRM PAID MS. EVANS AN ADDITIONAL \$5,000. THE ORIGINAL COMPLAINT WAS FILED 6/7/1991 AND SOUGHT \$119,000 IN DAMAGES. TOTAL PAYMENTS TO SETTLE HER ALLEGATIONS WERE \$45,000.

**End of Report**



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