

## BrokerCheck Report

### WESTPARK CAPITAL, INC.

CRD# 39914

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Firm Profile	2 - 6
Firm History	7
Firm Operations	8 - 13
Disclosure Events	14



Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

## 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:

- o 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
- o 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.

**Thank you for using FINRA BrokerCheck.**



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

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



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

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



## WESTPARK CAPITAL, INC.

CRD# 39914

SEC# 8-48898

### Main Office Location

1900 AVENUE OF THE STARS  
SUITE 310  
LOS ANGELES, CA 90067  
Regulated by FINRA Los Angeles Office

### Mailing Address

1900 AVENUE OF THE STARS  
SUITE 310  
LOS ANGELES, CA 90067

### Business Telephone Number

310-843-9300

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

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

## Report Summary for this Firm

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

### Firm Profile

This firm is classified as a corporation.

This firm was formed in Colorado on 10/17/1995.

Its fiscal year ends in December.

### Firm History

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

### Firm Operations

This firm is registered with:

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

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

This firm conducts 11 types of businesses.

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

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

### Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	12
Arbitration	2

This firm is subject to [FINRA Rule 3170 \(Taping Rule\)](#).

Click [here](#) for more information.



## Firm Profile

This firm is classified as a corporation.

This firm was formed in Colorado on 10/17/1995.

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.

### WESTPARK CAPITAL, INC.

Doing business as WESTPARK CAPITAL, INC.

CRD# 39914

SEC# 8-48898

### Main Office Location

1900 AVENUE OF THE STARS  
SUITE 310  
LOS ANGELES, CA 90067

Regulated by FINRA Los Angeles Office

### Mailing Address

1900 AVENUE OF THE STARS  
SUITE 310  
LOS ANGELES, CA 90067

### Business Telephone Number

310-843-9300

## Other Names of this Firm

Name	Where is it used
DILIGENT FINANCIAL GROUP	CA
DUKES WEALTH MANAGEMENT INC.	CA



## 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>	WESTPARK CAPITAL GROUP LLC
<b>Is this a domestic or foreign entity or an individual?</b>	Domestic Entity
<b>Position</b>	SHAREHOLDER
<b>Position Start Date</b>	11/1999
<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>	KRETSCHMER, WENDY LOUISE 3111589
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	SENIOR EXECUTIVE OFFICER
<b>Position Start Date</b>	08/2021
<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>	ONESTO, RICHARD ERNEST 2453096
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Position</b>	FINOP
<b>Position Start Date</b>	10/2016



## Firm Profile

### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** STERN, JASON SCOTT  
2053515

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

**Position** CHIEF OPERATING OFFICER

**Position Start Date** 04/2011

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** TOCCO, NICHOLAS JAMES  
5482327

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

**Position** PRESIDENT, CHIEF COMPLIANCE OFFICER

**Position Start Date** 11/2012

**Percentage of Ownership** Less than 5%

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

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

**Legal Name & CRD# (if any):** WISNIEWSKI, SARAH MARIE

## Firm Profile



### Direct Owners and Executive Officers (continued)

2340516

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

**Position** CHIEF COMPLIANCE OFFICER - RIA

**Position Start Date** 12/2019

**Percentage of Ownership** Less than 5%

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

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

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## 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>	RAPPAPORT, RICHARD ALYN 1885122
<b>Is this a domestic or foreign entity or an individual?</b>	Individual
<b>Company through which indirect ownership is established</b>	WESTPARK CAPITAL GROUP, LLC
<b>Relationship to Direct Owner</b>	MEMBER
<b>Relationship Established</b>	11/1999
<b>Percentage of Ownership</b>	25% but less than 50%
<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 currently registered with the SEC, 1 SRO and 53 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/15/1996

### SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

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

A government securities broker or dealer only: No

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

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	07/15/1996



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	03/16/2000
Alaska	Approved	02/07/2000
Arizona	Approved	01/14/1999
Arkansas	Approved	03/10/2000
California	Approved	11/06/1998
Colorado	Approved	08/23/1996
Connecticut	Approved	02/25/2000
Delaware	Approved	04/05/2000
District of Columbia	Approved	03/16/2000
Florida	Approved	09/22/2000
Georgia	Approved	03/08/2000
Hawaii	Approved	02/11/2002
Idaho	Approved	02/01/2000
Illinois	Approved	09/11/2000
Indiana	Approved	04/04/2000
Iowa	Approved	02/07/2000
Kansas	Approved	04/05/2000
Kentucky	Approved	03/23/2000
Louisiana	Approved	02/04/2000
Maine	Approved	06/11/2001
Maryland	Approved	02/07/2000
Massachusetts	Approved	03/21/2000
Michigan	Approved	01/11/2002
Minnesota	Approved	05/01/2001
Mississippi	Approved	04/12/2000
Missouri	Approved	07/10/2002
Montana	Approved	01/24/2000
Nebraska	Approved	03/13/2000
Nevada	Approved	10/28/1998
New Hampshire	Approved	05/29/2001
New Jersey	Approved	09/08/2000
New Mexico	Approved	04/20/2000
New York	Approved	05/05/2000

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	03/08/2000
North Dakota	Approved	04/25/2000
Ohio	Approved	03/10/2000
Oklahoma	Approved	03/08/2000
Oregon	Approved	03/17/1999
Pennsylvania	Approved	09/15/2000
Puerto Rico	Approved	05/04/2007
Rhode Island	Approved	01/25/2000
South Carolina	Approved	03/08/2000
South Dakota	Approved	01/10/2000
Tennessee	Approved	09/25/2000
Texas	Approved	04/11/2000
Utah	Approved	01/05/2000
Vermont	Approved	04/20/2001
Virgin Islands	Approved	07/17/2018
Virginia	Approved	03/17/2000
Washington	Approved	04/09/1999
West Virginia	Approved	02/03/2000
Wisconsin	Approved	01/28/2000
Wyoming	Approved	03/10/2000



## 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 11 types of businesses.**

#### Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
U S. government securities broker
Broker or dealer selling variable life insurance or annuities
Put and call broker or dealer or option writer
Investment advisory services
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Other - CORPORATE FINANCE AND CONSULTING FEES

#### Other Types of Business

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

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

Non-Securities Business Description:

## Firm Operations



### Clearing Arrangements

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

### Introducing Arrangements

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

<b>Name:</b>	AXOS CLEARING LLC
<b>CRD #:</b>	117176
<b>Business Address:</b>	1200 LANDMARK CENTER SUITE 800 OMAHA, NE 68102
<b>Effective Date:</b>	09/18/2012
<b>Description:</b>	WESTPARK CAPITAL IS AN INTRODUCING BROKER DEALER TO AXOS CLEARING LLC.

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## Firm Operations

### Industry Arrangements



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

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

**Name:** AXOS CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
SUITE 800  
OMAHA, NE 68102  
**Effective Date:** 09/18/2012  
**Description:** AXOS CLEARING MAINTAINS ACCOUNTS FOR WESTPARK CAPITAL INC

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

**Name:** AXOS CLEARING LLC  
**CRD #:** 117176  
**Business Address:** 1200 LANDMARK CENTER  
SUITE 800  
OMAHA, NE 68102  
**Effective Date:** 09/18/2012  
**Description:** AXOS CLEARING LLC MAINTAINS ACCOUNTS FOR CLIENTS OF  
WESTPARK CAPITAL INC

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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 not, directly or indirectly:**

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

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

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



## Disclosure Events

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

	<b>Pending</b>	<b>Final</b>	<b>On Appeal</b>
Regulatory Event	0	12	0
Arbitration	N/A	2	N/A





## Disclosure Event Details

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

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

### Regulatory - Final

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

### Disclosure 1 of 12

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



**Allegations:** ON 09/16/2021, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF WESTPARK CAPITAL, LLC ("WESTPARK") THE CHIEF COMPLIANCE OFFICER (PERIODS COVERING JANUARY 1, 2016 TO MAY 8, 2019). WESTPARK NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT WESTPARK A.) FAILED TO DOCUMENT THE REQUIRED APPROVAL OF SUITABILITY DURING THE EXAM PERIOD OF JANUARY 1, 2016 THROUGH MAY 8, 2019, B.) FAILED TO ADEQUATELY DEMONSTRATE WITH SPECIFICITY THAT IT ADHERED TO THEIR SPMS REGARDING A REVIEW OF THE "CHECKS REC. & FORWARDED BLOTTER" DURING THE 2018 INSPECTION AND C.) FAILED TO TIMELY DISCLOSE A CUSTOMER'S COMPLAINT ON THE REGISTERED REPRESENTATIVE'S FORM U4.

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFFICE")

**Date Initiated:** 09/16/2021

**Docket/Case Number:** 96014-S

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 09/16/2021

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

**Sanctions Ordered:** Monetary/Fine \$10,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** ON 09/16/2021, THE OFFICE ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT WHEREBY WESTPARK NEITHER ADMITTED NOR DENIED THE OFFICE'S FINDINGS BUT AGREED TO CEASE



AND DESIST FROM FUTURE VIOLATIONS OF CHAPTER 517, F.S. AND TO PAY AN ADMINISTRATIVE FINE OF \$10,000.00.WESTPARK SHALL BE JOINTLY AND SEVERALLY LIABLE FOR PAYMENT OF THE FINE.

## Disclosure 2 of 12

**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 REPORTED ROES WITH INACCURATE REPORTING EXCEPTION CODES, INACCURATE ORDER RECEIPT TIMES, INACCURATE CAPACITY CODES, AND/OR INACCURATE ACCOUNT TYPE CODES. THE FINDINGS STATED THAT THE FIRM ALSO TRANSMITTED ROES TO OATS THAT SHOULD NOT HAVE BEEN SUBMITTED TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT DISCLOSED ITS INACCURATE CAPACITY. SPECIFICALLY, THE FIRM DISCLOSED INACCURATE CAPACITY CODES OF PRINCIPAL FOR ORDERS THAT WERE EXECUTED IN AN AGENCY CAPACITY FOR TRADES THAT WERE BOOKED INTO THE FIRM'S INVENTORY ACCOUNT. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SEC AND FINRA RULES REGARDING OATS REPORTING AND DISCLOSURE ON CUSTOMER CONFIRMATIONS. THE FIRM 'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, DID NOT INCLUDE A REVIEW OF THE ACCURACY OF INFORMATION IT SUBMITTED TO OATS. ONCE IMPLEMENTED, THE FIRM'S SUPERVISORY SYSTEM RELIED ON REVIEWS THAT WOULD NOT HAVE DETECTED THE MAJORITY OF THE INSTANCES WHERE THE FIRM SUBMITTED INACCURATE OR IMPROPER ORDER INFORMATION TO OATS. ADDITIONALLY, THE FIRM'S WSPS PERTAINING TO CUSTOMER CONFIRMATIONS NOTED THAT IT WOULD REVIEW THE CLEARING FIRM CONFIRMATIONS TO ENSURE THAT THE PROPER DISCLOSURES APPEARED ON THE CONFIRMATIONS, BUT IT DID NOT INCLUDE A REVIEW TO DETERMINE IF THE DISCLOSURES WERE ACCURATE.

**Initiated By:** FINRA

**Date Initiated:** 06/26/2020

**Docket/Case Number:** [2015047727501](#)

**Principal Product Type:** Other

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

**Principal Sanction(s)/Relief**

**Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 06/26/2020**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 \$30,000.00**Other Sanctions Ordered:****Sanction Details:** THE FIRM WAS CENSURED AND FINED \$30,000. FINES PAID IN FULL ON JULY 2, 2020.**Reporting Source:** Firm**Current Status:** Final

**Allegations:** WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT REPORTED ROES WITH INACCURATE REPORTING EXCEPTION CODES, INACCURATE ORDER RECEIPT TIMES, INACCURATE CAPACITY CODES, AND/OR INACCURATE ACCOUNT TYPE CODES. THE FINDINGS STATED THAT THE FIRM ALSO TRANSMITTED ROES TO OATS THAT SHOULD NOT HAVE BEEN SUBMITTED TO OATS. THE FINDINGS ALSO STATED THAT THE FIRM PROVIDED WRITTEN NOTIFICATION TO CUSTOMERS THAT DISCLOSED ITS INACCURATE CAPACITY. SPECIFICALLY, THE FIRM DISCLOSED INACCURATE CAPACITY CODES OF PRINCIPAL FOR ORDERS THAT WERE EXECUTED IN AN AGENCY CAPACITY FOR TRADES THAT WERE BOOKED INTO THE FIRM'S INVENTORY ACCOUNT. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SEC AND FINRA RULES REGARDING OATS REPORTING AND DISCLOSURE ON CUSTOMER CONFIRMATIONS. THE FIRM'S SUPERVISORY SYSTEM, INCLUDING ITS WSPS, DID NOT INCLUDE A REVIEW OF THE ACCURACY OF INFORMATION IT SUBMITTED TO OATS. ONCE IMPLEMENTED, THE FIRM'S SUPERVISORY SYSTEM RELIED ON REVIEWS THAT WOULD NOT HAVE DETECTED THE MAJORITY OF THE



INSTANCES WHERE THE FIRM SUBMITTED INACCURATE OR IMPROPER ORDER INFORMATION TO OATS. ADDITIONALLY, THE FIRM'S WSPS PERTAINING TO CUSTOMER CONFIRMATIONS NOTED THAT IT WOULD REVIEW THE CLEARING FIRM CONFIRMATIONS TO ENSURE THAT THE PROPER DISCLOSURES APPEARED ON THE CONFIRMATIONS, BUT IT DID NOT INCLUDE A REVIEW TO DETERMINE IF THE DISCLOSURES WERE ACCURATE.

**Initiated By:** FINRA

**Date Initiated:** 06/26/2020

**Docket/Case Number:** [2015047727501](#)

**Principal Product Type:** Other

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

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

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

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

**Resolution Date:** 06/26/2020

**Sanctions Ordered:** Censure  
Monetary/Fine \$30,000.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$30,000.

### Disclosure 3 of 12

**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 SYSTEM OF SUPERVISION REASONABLY DESIGNED TO SUPERVISE ITS BUSINESS IN COLLATERALIZED MORTGAGE OBLIGATIONS (CMOS). THE FINDINGS STATED THAT THE FIRM'S WSPS DID NOT ADDRESS CMO SUITABILITY, RISK FACTORS, RECOMMENDATIONS OR SUPERVISION, AND THEREFORE, PROVIDED INSUFFICIENT GUIDANCE. WESTPARK'S WSPS ALSO FAILED TO ADEQUATELY SPECIFY THAT EDUCATIONAL MATERIALS MUST BE OFFERED TO CUSTOMERS PRIOR TO THE PURCHASE OF CMOS. CONSEQUENTLY, THE FIRM'S SYSTEM OF



SUPERVISION, INCLUDING ITS WSPS, WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS, REGULATIONS AND RULES GOVERNING THIS LINE OF THE FIRM'S BUSINESS. IN ADDITION, THE FIRM'S SUPERVISION AND COMPLIANCE STAFF HAD A LIMITED AND INSUFFICIENT OVERALL UNDERSTANDING OF CMOS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ADEQUATELY IMPLEMENT ITS WRITTEN PROCEDURES. THE FIRM SHOULD HAVE EVALUATED CMOS PRIOR TO ANY RECOMMENDATIONS OR SALES, YET IT CONDUCTED NO REVIEW OR ANALYSIS OF CMOS PRIOR TO PERMITTING ITS REPRESENTATIVES TO SELL CMOS THAT ADDRESSED THE CRITERIA AND CONSIDERATIONS IDENTIFIED IN ITS WSPS. THE FIRM ALSO TOOK NO STEPS TO ENSURE PRODUCT KNOWLEDGE OR OFFER TRAINING TO FIRM REPRESENTATIVES AND SUPERVISORS ON CMOS, OR TO INCREASE SCRUTINY OF THE SUITABILITY OF SUCH PRODUCTS, AS OUTLINED IN ITS WSPS. AS A RESULT, THE FIRM FAILED TO FOLLOW ITS OWN WRITTEN PROCEDURES CONCERNING THE APPROVAL AND SUPERVISION OF COMPLEX PRODUCTS IN CONNECTION WITH ITS SALES OF CMOS. IN ADDITION, THE FIRM'S HEIGHTENED SUPERVISION WAS LIMITED TO GENERIC TOPICS, WHICH WERE FREQUENTLY DISMISSED BY IT AS INAPPLICABLE. THIS APPROACH WAS UNREASONABLE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO OFFER CMO EDUCATIONAL MATERIALS TO RETAIL INVESTORS PRIOR TO THEIR FIRST CMO PURCHASES MADE. THE FIRM DID NOT HAVE ADEQUATE WSPS IN PLACE THAT MADE CLEAR THIS REQUIREMENT OR DESIGNATED RESPONSIBILITY FOR ENSURING THE OFFERING OF SUCH MATERIALS. CONSEQUENTLY, THE FIRM TOOK INADEQUATE STEPS TO ENSURE THAT SUCH MATERIALS WERE OFFERED. INSTEAD, THE CUSTOMERS WHO PURCHASED CMOS WERE SENT MATERIALS, ONLY AFTER THEIR FIRST PURCHASES, BY THE FIRM'S CLEARING FIRM.

**Initiated By:** FINRA

**Date Initiated:** 12/22/2017

**Docket/Case Number:** [2016051690101](#)

**Principal Product Type:** Other

**Other Product Type(s):** N/A

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

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

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

**Resolution Date:** 12/22/2017



**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 \$27,500.00

**Other Sanctions Ordered:**

**Sanction Details:**

THE FIRM WAS CENSURED AND FINED \$27,500. FINES PAID IN FULL ON JANUARY 9, 2018.

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**Reporting Source:**

Firm

**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 SYSTEM OF SUPERVISION REASONABLY DESIGNED TO SUPERVISE ITS BUSINESS IN COLLATERALIZED MORTGAGE OBLIGATIONS (CMOS). THE FINDINGS STATED THAT THE FIRM'S WSPS DID NOT ADDRESS CMO SUITABILITY, RISK FACTORS, RECOMMENDATIONS OR SUPERVISION, AND THEREFORE, PROVIDED INSUFFICIENT GUIDANCE. WESTPARK'S WSPS ALSO FAILED TO ADEQUATELY SPECIFY THAT EDUCATIONAL MATERIALS MUST BE OFFERED TO CUSTOMERS PRIOR TO THE PURCHASE OF CMOS. CONSEQUENTLY, THE FIRM'S SYSTEM OF SUPERVISION, INCLUDING ITS WSPS, WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS, REGULATIONS AND RULES GOVERNING THIS LINE OF THE FIRM'S BUSINESS. IN ADDITION, THE FIRM'S SUPERVISION AND COMPLIANCE STAFF HAD A LIMITED AND INSUFFICIENT OVERALL UNDERSTANDING OF CMOS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ADEQUATELY IMPLEMENT ITS WRITTEN PROCEDURES. THE FIRM SHOULD HAVE EVALUATED CMOS PRIOR TO ANY RECOMMENDATIONS OR SALES, YET IT CONDUCTED NO REVIEW OR ANALYSIS OF CMOS PRIOR TO PERMITTING ITS REPRESENTATIVES TO SELL CMOS THAT ADDRESSED THE CRITERIA AND CONSIDERATIONS IDENTIFIED IN ITS WSPS. THE FIRM ALSO TOOK NO STEPS TO ENSURE PRODUCT KNOWLEDGE OR OFFER TRAINING TO FIRM REPRESENTATIVES AND SUPERVISORS ON CMOS, OR TO INCREASE SCRUTINY OF THE SUITABILITY OF SUCH PRODUCTS, AS OUTLINED IN ITS WSPS. AS A RESULT, THE FIRM FAILED TO FOLLOW ITS OWN WRITTEN PROCEDURES CONCERNING THE APPROVAL AND SUPERVISION OF COMPLEX PRODUCTS IN CONNECTION WITH ITS SALES OF CMOS. IN ADDITION, THE FIRM'S HEIGHTENED SUPERVISION WAS



LIMITED TO GENERIC TOPICS, WHICH WERE FREQUENTLY DISMISSED BY IT AS INAPPLICABLE. THIS APPROACH WAS UNREASONABLE. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO OFFER CMO EDUCATIONAL MATERIALS TO RETAIL INVESTORS PRIOR TO THEIR FIRST CMO PURCHASES MADE. THE FIRM DID NOT HAVE ADEQUATE WSPS IN PLACE THAT MADE CLEAR THIS REQUIREMENT OR DESIGNATED RESPONSIBILITY FOR ENSURING THE OFFERING OF SUCH MATERIALS. CONSEQUENTLY, THE FIRM TOOK INADEQUATE STEPS TO ENSURE THAT SUCH MATERIALS WERE OFFERED. INSTEAD, THE CUSTOMERS WHO PURCHASED CMOs WERE SENT MATERIALS, ONLY AFTER THEIR FIRST PURCHASES, BY THE FIRM'S CLEARING FIRM.

**Initiated By:** FINRA

**Date Initiated:** 12/22/2017

**Docket/Case Number:** [2016051690101](#)

**Principal Product Type:** Other

**Other Product Type(s):** N/A

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

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

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

**Resolution Date:** 12/22/2017

**Sanctions Ordered:** Censure  
Monetary/Fine \$27,500.00

**Other Sanctions Ordered:**

**Sanction Details:** THE FIRM WAS CENSURED AND FINED \$27,500.

#### Disclosure 4 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** RESPONDENTS FILED AN INCOMPLETE APPLICATION FOR REGISTRATION AND FAILED TO PROMPTLY UPDATE APPLICATION INFORMATION THAT HAD BECOME INACCURATE, IN VIOLATION OF 409.4-412(D)(1) AND 409.4-406(B)

**Initiated By:** MISSOURI

**Date Initiated:** 03/03/2017





**Docket/Case Number:** AP-17-02

**URL for Regulatory Action:** HTTP://WWW.SOS.MO.GOV/CMSIMAGES/SECURITIES/AP-17-02CONSENTORDER.PDF

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** \$25,000 PAID TO INVESTOR EDUCATION AND PROTECTION FUND JOINTLY AND SEVERALLY

**Resolution:** Consent

**Resolution Date:** 03/03/2017

**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 \$25,000.00

**Other Sanctions Ordered:**

**Sanction Details:** PERMANENTLY ENJOINED AND RESTRAINED FROM VIOLATING 409.4-412 AND 409.4-406.  
SHALL MAINTAIN AND ENFORCE WSP.  
RESPONDENTS PAYMENT OF \$7,000 IS SUSPENDED, IF \$18,000 IS PAID ON SCHEDULE

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** RESPONDENTS FILED AN INCOMPLETE APPLICATION FOR REGISTRATION AND FAILED TO PROMPTLY UPDATE APPLICATION INFORMATION THAT HAD BECOME INACCURATE, IN VIOLATION OF 409.4-412(D)(1) AND 409.4-406(B)

**Initiated By:** MISSOURI

**Date Initiated:** 03/03/2017

**Docket/Case Number:** AP-17-02

**Principal Product Type:** No Product

**Other Product Type(s):**

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

**Other Sanction(s)/Relief Sought:** \$25,000 PAID TO INVESTOR EDUCATION AND PROTECTION FUND JOINTLY AND SEVERALLY

**Resolution:** Consent

**Resolution Date:** 03/03/2017

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

**Other Sanctions Ordered:**

**Sanction Details:** PERMANENTLY ENJOINED AND RESTRAINED FROM VIOLATING 409.4-412 AND 409.4-406. SHALL MAINTAIN AND ENFORCE WSP. RESPONDENTS PAYMENT OF \$7,000 IS SUSPENDED, IF \$18,000 IS PAID ON SCHEDULE

**Disclosure 5 of 12**

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** WESTPARK ALLOWED AN INDIVIDUAL TO CONTINUE TO ACT AS AN AGENT IN CONNECTION WITH THE PURCHASE AND SALE OF SECURITIES TO CERTAIN NEW JERSEY RESIDENTS AFTER HIS REGISTRATION WAS REVOKED. WESTPARK FAILED TO FOLLOW ITS OWN WRITTEN SUPERVISORY PROCEDURES REGARDING ADDRESS CHANGES. WESTPARK FAILED TO REASONABLY SUPERVISE AN AGENT TO DETECT AND PREVENT HIS UNREGISTERED ACTIVITIES IN NEW JERSEY.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 03/24/2014

**Docket/Case Number:** N/A

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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



<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	03/24/2014
<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 \$50,000.00
<b>Other Sanctions Ordered:</b>	<p>1. PRIOR TO THE ENTRY OF THIS CONSENT ORDER, WESTPARK RETAINED THE COMPLIANCE CONSULTANT TO PROVIDE A REVIEW OF WESTPARK'S COMPLIANCE AND SUPERVISORY SYSTEM AND TO PROVIDE COMPLIANCE AND SUPERVISORY SUPPORT. WESTPARK SHALL CONTINUE TO RETAIN THIS OR ANOTHER COMPLIANCE CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU TO PROVIDE THE SERVICES DESCRIBED FOR NO LESS THAN TWO YEARS FROM THE DATE OF THIS ORDER, UNLESS OTHERWISE ORDERED BY THE BUREAU; AND FURTHER</p> <p>2. IN THE EVENT THAT THE COMPLIANCE CONSULTANT IS NO LONGER RETAINED BY WESTPARK, WESTPARK WILL NOTIFY THE BUREAU WITHIN TEN BUSINESS DAYS OF THE TERMINATION AND PROVIDE THE NAME OF THE NEW COMPLIANCE CONSULTANT; AND FURTHER</p> <p>3. WESTPARK SHALL RETAIN THE SERVICES OF A NEW JERSEY CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU TO REVIEW AND REPORT ON THE NEW JERSEY SALES AND SUPERVISORY ACTIVITIES FOR A PERIOD OF NOT LESS THAN TWO YEARS FROM THE DATE OF THIS ORDER, UNLESS OTHERWISE ORDERED BY THE BUREAU; AND FURTHER</p> <p>4. IN THE EVENT THAT THE NEW JERSEY CONSULTANT IS NO LONGER RETAINED BY WESTPARK, ESTPARK WILL NOTIFY THE BUREAU WITHIN FIVE BUSINESS DAYS OF THE TERMINATION AND PROVIDE THE AME OF THE PROPOSED NEW JERSEY CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU; AND FURTHER</p> <p>5. WESTPARK SHALL MAINTAIN FOR TEN (10) YEARS COPIES OF ALL RECOMMENDATIONS, REPORTS O OTHER CORRESPONDENCE FROM BOTH THE COMPLIANCE CONSULTANT AND THE NJ CONSULTANT AND SHALL PROVIDE SUCH COPIES UPON REQUEST FROM ANY SECURITIES REGULATOR.</p>
<b>Sanction Details:</b>	WESTPARK CAPITAL, INC. IS HEREBY ASSESSED A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$50,000 OF WHICH \$20,000 IS PERMANENTLY SUSPENDED.
<b>Regulator Statement</b>	WESTPARK CAPITAL PERMITTED A BROKER TO CONDUCT FINANCIAL TRANSACTIONS FOR NEW JERSEY RESIDENTS WHEN HE WAS NOT REGISTERED WITH THE BUREAU AS AN AGENT OF WESTPARK CAPITAL.



SPECIFICALLY, THE AGENT CONDUCTED FINANCIAL TRANSACTIONS FOR UP TO FOUR NEW JERSEY RESIDENTS AFTER HIS REGISTRATION WAS REVOKED BY THE BUREAU IN MAY 2008. THE AGENT CAUSED THESE NEW JERSEY CLIENTS TO CHANGE THEIR ADDRESSES FROM THEIR ACTUAL ADDRESSES IN NEW JERSEY TO EITHER A BUSINESS ADDRESS OR A POST OFFICE BOX LOCATED IN NEW YORK. THE AGENT CAUSED THESE ADDRESS CHANGES, IN VIOLATION OF WESTPARK CAPITAL'S OPERATING POLICIES, IN ORDER TO CONTINUE TO DO BUSINESS WITH THEM WITHOUT BEING REGISTERED IN NEW JERSEY.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** THE STATE OF NEW JERSEY ALLEGED THAT REPRESENTATIVE HARRY DATYS CONTINUED TO CONDUCT BUSINESS WITH NEW JERSEY RESIDENTS BETWEEN MAY 15 2008 - AUGUST 2012 AFTER THE BEREU REVOKED HIS REGISTRATION

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 03/24/2014

**Docket/Case Number:**

**Principal Product Type:** Other

**Other Product Type(s):** ORDER DID NOT PERTAIN TO CERTAIN PRODUCT TYPES

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

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

**Resolution:** Consent

**Resolution Date:** 03/24/2014

**Sanctions Ordered:** Monetary/Fine \$50,000.00

**Other Sanctions Ordered:** 1. PRIOR TO THE ENTRY OF THIS CONSENT ORDER, WESTPARK RETAINED THE COMPLIANCE CONSULTANT TO PROVIDE A REVIEW OF WESTPARK'S COMPLIANCE AND SUPERVISORY SYSTEM AND TO PROVIDE COMPLIANCE AND SUPERVISORY SUPPORT. WESTPARK SHALL CONTINUE TO RETAIN THIS OR ANOTHER COMPLIANCE CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU TO PROVIDE THE SERVICES DESCRIBED FOR NO LESS THAN TWO YEARS FROM THE DATE OF THIS ORDER, UNLESS OTHERWISE ORDERED BY THE BUREAU; AND FURTHER 2. IN THE EVENT THAT THE COMPLIANCE CONSULTANT IS NO LONGER RETAINED BY WESTPARK,



WESTPARK WILL NOTIFY THE BUREAU WITHIN TEN BUSINESS DAYS OF THE TERMINATION AND PROVIDE THE NAME OF THE NEW COMPLIANCE CONSULTANT; AND FURTHER 3. WESTPARK SHALL RETAIN THE SERVICES OF A NEW JERSEY CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU TO REVIEW AND REPORT ON THE NEW JERSEY SALES AND SUPERVISORY ACTIVITIES FOR A PERIOD OF NOT LESS THAN TWO YEARS FROM THE DATE OF THIS ORDER, UNLESS OTHERWISE ORDERED BY THE BUREAU; AND FURTHER 4. IN THE EVENT THAT THE NEW JERSEY CONSULTANT IS NO LONGER RETAINED BY WESTPARK, ESTPARK WILL NOTIFY THE BUREAU WITHIN FIVE BUSINESS DAYS OF THE TERMINATION AND PROVIDE THE NAME OF THE PROPOSED NEW JERSEY CONSULTANT, NOT OBJECTIONABLE TO THE BUREAU; AND FURTHER 5. WESTPARK SHALL MAINTAIN FOR TEN (10) YEARS COPIES OF ALL RECOMMENDATIONS, REPORTS OR OTHER CORRESPONDENCE FROM BOTH THE COMPLIANCE CONSULTANT AND THE NJ CONSULTANT AND SHALL PROVIDE SUCH COPIES UPON REQUEST FROM ANY SECURITIES REGULATOR.

**Sanction Details:**

CONSENT ORDER, WHICH PROVIDED FOR THE PAYMENT OF A FINE OF \$50,000 ON 03/24/2014 IN WHICH \$20,000 WAS WAIVED DUE TO THE FIRMS COOPERATION .

**Firm Statement**

THE NEW JERSEY BUREAU OF SECURITIES INITIATED DISCUSSIONS WITH THE FIRM IN MAY 2012 REGARDING SALES ACTIVITIES OF A REGISTERED REPRESENTATIVE (FROM 2008-2012). SUCH ACTIVITIES INVOLVED CERTAIN NEW JERSEY RESIDENTS WHO ALSO HAD ADDRESSES IN NEW YORK. THE RESULT OF THOSE DISCUSSIONS WAS THE FIRM AGREED TO ENTER INTO A CONSENT ORDER, WHICH PROVIDED FOR THE PAYMENT OF A FINE OF \$50,000 IN WHICH \$20,000 WAS WAIVED DUE TO THE FIRMS COOPERATION. EXTENDED LIMITED AUTHORIZATIONS FOR THE REGISTERED REPRESENTATIVE TO CONTINUE TO TRANSACT BUSINESS WITH CERTAIN NEW JERSEY RESIDENTS WHO HAVE ADDRESSES IN NEW YORK WITHOUT REGISTRATION AS AN AGENT IN THE STATE OF NEW JERSEY, AS LONG AS THE COMMUNICATION TAKES PLACE WHILE THE CLIENT IS NOT IN THE STATE OF NEW JERSEY.

**Disclosure 6 of 12**
**Reporting Source:**

Regulator

**Current Status:**

Final

**Allegations:**

ON 06/15/2012, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF WESTPARK CAPITAL, LLC ("WESTPARK") AND WILLIAM A MORGAN ("MORGAN") THE CHIEF COMPLIANCE OFFICER (PERIODS COVERING NOVEMBER 2005 TO SEPTEMBER 2008) AND ANTI MONEY LAUNDERING ("AML") PROGRAM SUPERVISOR (PERIODS



COVERING MARCH 2006 THROUGH OCTOBER 2007). WESTPARK AND MORGAN NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT WESTPARK A.) FAILED TO MAINTAIN ALL REQUIRED BOOKS AND RECORDS DURING THE EXAM PERIOD OF JUNE 1, 2006 THROUGH DECEMBER 31, 2007 AND B.) WESTPARK AND MORGAN FAILED TO IMPLEMENT THE FIRM'S AML COMPLIANCE PROGRAM, FAILED TO MONITOR AND ANALYZE POTENTIALLY SUSPICIOUS TRANSACTIONS, AND FAILED TO PROPERLY IMPLEMENT THE INDEPENDENT ANNUAL AUDIT OF THE FIRM'S AML.

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION ("OFFICE")

**Date Initiated:** 06/15/2012

**Docket/Case Number:** 0483-S-4/10

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 06/15/2012

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

**Sanctions Ordered:** Monetary/Fine \$59,125.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 06/15/2012, THE OFFICE ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT WHEREBY WESTPARK AND MORGAN NEITHER ADMITTED NOR DENIED THE OFFICE'S FINDINGS BUT AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF CHAPTER 517, F.S. AND TO PAY AN ADMINISTRATIVE FINE OF \$59,125.00.WESTPARK AND MORGAN SHALL BE JOINTLY AND SEVERALLY LIABLE FOR PAYMENT OF THE FINE.



**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** ON 06/15/2012, THE OFFICE OF FINANCIAL REGULATION ("OFFICE") ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT IN THE MATTER OF WESTPARK CAPITAL, LLC ("WESTPARK") AND WILLIAM A MORGAN ("MORGAN") THE CHIEF COMPLIANCE OFFICER (PERIODS COVERING NOVEMBER 2005 TO SEPTEMBER 2008) AND ANTI MONEY LAUNDERING ("AML") PROGRAM SUPERVISOR (PERIODS COVERING MARCH 2006 THROUGH OCTOBER 2007) WESTPARK AND MORGAN NEITHER ADMITTED NOR DENIED THE FINDINGS BUT CONSENTED TO THE ENTRY OF FINDINGS BY THE OFFICE. THE OFFICE FOUND THAT WESTPARK A.) FAILED TO MAINTAIN ALL REQUIRED BOOKS AND RECORDS DURING THE EXAM PERIOD OF JUNE 1, 2006 THROUGH DECEMBER 31, 2007 AND B.) WESTPARK AND MORGAN FAILED TO IMPLEMENT THE FIRMS AML COMPLIANCE PROGRAM, FAILED TO MONITOR AND ANALYZE POTENTIALLY SUSPICIOUS TRANSACTIONS, AND FAILED TO PROPERLY IMPLEMENT THE INDEPENDENT ANNUAL AUDIT OF THE FIRM'S AML.

**Initiated By:** FLORIDA OFFICE OF FINANCIAL REGULATION

**Date Initiated:** 06/15/2012

**Docket/Case Number:** 0483-S-4/10

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 06/15/2012

**Sanctions Ordered:** Monetary/Fine \$59,125.00

**Other Sanctions Ordered:**

**Sanction Details:** ON 06/15/2012, THE OFFICE ENTERED A FINAL ORDER ADOPTING THE STIPULATION AND CONSENT AGREEMENT WHEREBY WESTPARK AND MORGAN NEITHER ADMITTED NOR DENIED THE OFFICE'S FINDING BUT AGREED TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF CHAPTER



517, F.S. AND TO PAY AN ADMINISTRATIVE FINE OF \$59,125.00 WESTPARK AND MORGAN SHALL BE JOINTLY AND SEVERALLY LIABLE FOR PAYMENT OF THE FINE.

## Disclosure 7 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	WESTPARK CAPITAL, INC. FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASE 09-04244.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	09/29/2011
<b>Docket/Case Number:</b>	<a href="#">09-04244</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	10/21/2011
<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>	Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	PURSUANT TO FINRA RULE 9553, RESPONDENT WESTPARK CAPITAL'S FINRA MEMBERSHIP IS SUSPENDED AS OF OCTOBER 21, 2011 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED OCTOBER 31, 2011.

**Reporting Source:** Firm





<b>Current Status:</b>	Final
<b>Allegations:</b>	THE FIRM WAS SUSPENDED FOR FAILURE TO PAY FINRA ARBITRATION FEES PRIOR TO THE STATED DUE DATE OF 10/21/2011. ONCE PAYMENT WAS RECEIVED BY FINRA ON 10/31/2011 THE SUSPENSION WAS LIFTED.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	10/21/2011
<b>Docket/Case Number:</b>	<a href="#">09-04244</a>
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	ARBITRATION FEES
<b>Principal Sanction(s)/Relief Sought:</b>	Suspension
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	10/21/2011
<b>Sanctions Ordered:</b>	Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	THE FIRM WAS SUSPENDED FOR FAILURE TO PAY FINRA ARBITRATION FEES PRIOR TO THE STATED DUE DATE OF 10/21/2011. PAYMENT WAS SENT BUT NOT RECEIVED. ONCE PAYMENT WAS RECEIVED BY FINRA ON 10/31/2011 THE SUSPENSION WAS LIFTED.
<b>Firm Statement</b>	THE FIRM WAS SUSPENDED FOR FAILURE TO PAY FINRA ARBITRATION FEES PRIOR TO THE STATED DUE DATE OF 10/21/2011. PAYMENT WAS SENT BUT NOT RECEIVED. ONCE PAYMENT WAS RECEIVED BY FINRA ON 10/31/2011 THE SUSPENSION WAS LIFTED.

#### Disclosure 8 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 3010(A): THE FIRM, ACTING THROUGH REGISTERED PRINCIPALS, FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS. THE DEFICIENT SUPERVISORY SYSTEM LED TO THE FOLLOWING DEFICIENCIES: INADEQUATE HEIGHTENED SUPERVISION; INADEQUATE MONITORING FOR UNSUITABLY



EXCESSIVE TRADING; NO SYSTEM FOR ANALYZING FAIRNESS OF MARKUPS; AND UNQUALIFIED SUPERVISORY PERSONNEL.

**Initiated By:** FINRA

**Date Initiated:** 03/31/2010

**Docket/Case Number:** [2007007400504](#)

**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:** 03/31/2010

**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 \$100,000.00  
Disgorgement/Restitution

**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, FINED \$100,000 AND ORDERED TO PAY PARTIAL RESTITUTION IN THE AMOUNT OF \$300,000 TO CUSTOMERS. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION, OR OF REASONABLE AND DOCUMENTED EFFORTS UNDERTAKEN TO EFFECT RESTITUTION, SHALL BE FORWARDED TO FINRA NO LATER THAN 120 DAYS AFTER ACCEPTANCE OF THE AWC. IF FOR ANY REASON RESPONDENT CANNOT LOCATE ANY CUSTOMER AFTER REASONABLE AND DOCUMENTED EFFORTS WITHIN 120 DAYS FROM THE DATE THE AWC IS ACCEPTED, RESPONDENT SHALL FORWARD ANY UNDISTRIBUTED RESTITUTION AND INTEREST TO THE APPROPRIATE ESCHEAT, UNCLAIMED PROPERTY OR ABANDONED PROPERTY FUNDS FOR THE STATE IN WHICH THE CUSTOMER IS LAST TO HAVE RESIDED.



<b>Reporting Source:</b>	Firm
<b>Current Status:</b>	Final
<b>Allegations:</b>	ALLEGATIONS DESCRIBED IN FINRA REGULATORY ACTION CASE # 2007007400504 U6 FILING OCCURRENCE ID # 1503440. VIOLATION OF NASD RULES 210, 3010(A): THE FIRM ACTING THROUGH REGISTERED PRINCIPALS, FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE RULES AND REGULATIONS. THE DEFICIENT SUPERVISORY SYSTEM LED TO THE FOLLOWING DEFICIENCIES: INADEQUATE HEIGHTENED SUPERVISION; INADEQUATE MONITORING FOR UNSUITABLY EXCESSIVE TRADING; NO SYSTEM FOR ANALYZING OF MARKUPS; AND QUALIFIED SUPERVISORY PERSONNEL.
<b>Initiated By:</b>	FINRA
<b>Date Initiated:</b>	03/31/2010
<b>Docket/Case Number:</b>	<a href="#">2007007400504</a>
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	ADMINISTRATIVE FINE RESTITUTION
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	03/31/2010
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$100,000.00 Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ADMINISTRATIVE FINE OF \$100,000 PAID ON 04/14/2010. RESTITUTION OF \$300000.00 TO BE PAID BY 09/30/2010.
<b>Firm Statement</b>	WITHOUT ADMITTING OR DENYING THE FINDINGS, WESTPARK CAPITAL AGREED TO THE TERMS OF THE AWC NOTICE.

#### Disclosure 9 of 12

**Reporting Source:** Regulator



**Current Status:** Final

**Allegations:** WESTPARK VIOLATED SEVERAL DISCLOSURE NOTIFICATION CLAUSES IN A HEIGHTENED SUPERVISORY AGREEMENT FOR AN AFFILIATED AGENT. WESTPARK ALSO FAILED TO NOTIFY THE BUREAU OF SUPERVISORY PERSONNEL CHANGES FOR THAT AGENT AS REQUIRED BY THE AGREEMENT.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 05/15/2008

**Docket/Case Number:** BOS 09529-2008N

**URL for Regulatory Action:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Consent

**Resolution Date:** 09/29/2008

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

**Sanctions Ordered:** Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WESTPARK FAILED TO NOTIFY THE BUREAU OF SUPERVISORY PERSONNEL CHANGES FOR AN AGENT ON A HEIGHTENED SUPERVISION, AND FAILED TO NOTIFY THE BUREAU OF ACTIONS BY THE COLORADO DIVISION OF SECURITIES, THE CIVIL LITIGATION BY A TEXAS CUSTOMER OR THE NEW JERSEY CUSTOMER COMPLAINT FOR THE SAME AGENT AS REQUIRED BY THE AGREEMENT.

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**Reporting Source:** Firm

**Current Status:** Final



**Allegations:** WESTPARK VIOLATED SEVERAL DISCLOSURE NOTIFICATION CLAUSES IN A HEIGHTENED SUPERVISION AGREEMENT FOR AN AFFILIATED AGENT. WESTPARK ALSO FAILED TO NOTIFY THE NEW JERSEY BUREAU OF SECURITIES OF SUPERVISORY PERSONAL CHANGES FOR THAT AGENT AS REQUIRED BY THE AGREEMENT.

**Initiated By:** NEW JERSEY BUREAU OF SECURITIES

**Date Initiated:** 05/15/2008

**Docket/Case Number:**

**Principal Product Type:** No Product

**Other Product Type(s):**

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

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

**Resolution:** Order

**Resolution Date:** 09/29/2008

**Sanctions Ordered:** Monetary/Fine \$15,000.00

**Other Sanctions Ordered:**

**Sanction Details:** WESTPARK FAILED TO NOTIFY THE NEW JERSEY BUREAU OF SECURITIES OF PERSONAL CHANGES FOR AN AGENT ON A HEIGHTENED SUPERVISION AGREEMENT. IT FAILED TO NOTIFY THE NEW JERSEY BUREAU OF SECURITIES OF ACTIONS BY THE COLORADO DIVISION OF SECURITIES, THE CIVIL LITIGATION BY A TEXAS CUSTOMER, OR OF A NEW JERSEY CUSTOMER COMPLAINT FOR THE AGENT AS REQUIRED BY THE HEIGHTENED SUPERVISION AGREEMENT.

#### Disclosure 10 of 12

**Reporting Source:** Regulator

**Current Status:** Final

**Allegations:** NASD RULES 2110, 3010(A) AND (B) - RESPONDENT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM OR WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE THAT AN INDIVIDUAL DID NOT ACT IN A PRINCIPAL CAPACITY DURING A SUSPENSION PERIOD.

**Initiated By:** NASD

**Date Initiated:** 10/12/2006



**Docket/Case Number:** [E022004062801](#)

**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:** 10/12/2006

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

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

**Other Sanctions Ordered:**

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

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULE 2110, 3010(A) AND (B) - RESPONDENT FAILED TO ESTABLISH , MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM OR WRITTEN PROCEDURES REASONABLY DESIGNED TO ENSURE THAT AN INDIVIDUAL DID NOT ACT IN A PRINCIPAL CAPACITY DURING A SUSPENSION PERIOD IN 2004.

**Initiated By:** NASD

**Date Initiated:** 10/12/2006

**Docket/Case Number:** [E022004062801](#)

**Principal Product Type:** No Product

**Other Product Type(s):**



<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/12/2006
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00 Suspension
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	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.
<b>Firm Statement</b>	MR. RAPPAPORT CONSENTED TO A 30 DAY SUSPENSION, WHICH WAS COMPLETED FROM NOVEMBER 6, 2006 THROUGH DECEMBER 5, 2006.

#### Disclosure 11 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	SEC RULES 17A-3 AND 17A-4, NASD RULES 3110(A), 3110(B)(1), 3370 - RESPONDENT MEMBER ACCEPTED ORDERS TO SELL SHARES OF STOCK FROM PUBLIC CUSTOMERS AND FOR EACH ORDER FAILED TO MAKE/ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM WOULD RECEIVE DELIVERY OF THE SECURITY ON BEHALF OF THE CUSTOMER OR THAT THE FIRM COULD BORROW THE SECURITY ON BEHALF OF THE CUSTOMER FOR DELIVERY BY SETTLEMENT DATE; EXECUTED SHORT SALE ORDERS AND FAILED TO PROPERLY MARK THE ORDER TICKETS AS SHORT FOR THOSE ORDERS; FAILED TO PRESERVE FOR A PERIOD OF NOT LESS THAN THREE YEARS THE FIRST TWO IN AN ACCESSIBLE PLACE, THE MEMORANDUM OF FIVE BROKERAGE ORDERS.
<b>Initiated By:</b>	NASD
<b>Date Initiated:</b>	10/13/2005
<b>Docket/Case Number:</b>	20042000073-01
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	STOCK



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

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

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

**Resolution Date:** 10/13/2005

**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 \$12,500.00

**Other Sanctions Ordered:**

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, WESTPARK CAPITAL, INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$12,500.

**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** RESPONDENT MEMBER ACCEPTED ORDERS TO SELL SHARES OF STOCK FROM PUBLIC CUSTOMERS AND FAILED TO ANNOTATE AN AFFIRMATIVE DETERMINATION THAT THE FIRM WOULD RECEIVE DELIVERY OF THE SECURITIES ON BEHALF OF THE CUSTOMER OR THAT THE FIRM COULD BORROW THE SECURITY ON BEHALF OF THE CUSTOMER FOR DELIVERY BY SETTLEMENT DATE. RESPONDENT MEMBER EXECUTED SHORT SALES AND FAILED TO PROPERLY MARK THE ORDER TICKETS AS SHORT SALES. RESPONDENT FAILED TO PRESERVE FIVE (5) ORDER TICKETS FOR THE REQUIRED 3 YEARS, THE FIRST 2 YEARS IN AN ACCESSIBLE PLACE.

**Initiated By:** NASD

**Date Initiated:** 10/13/2005

**Docket/Case Number:** 20042000073-01

**Principal Product Type:** Equity - OTC

**Other Product Type(s):**





<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	MONETARY FINE
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Resolution Date:</b>	10/13/2005
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$12,500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, WESTPARK CAPITAL, INC. CONSENTED TO SANCTIONS. WESTPARK CAPITAL PAID THE FINE OF \$12,500. ON 10-22-2005.
<b>Firm Statement</b>	WESTPARK CAPITAL, INC. ("WPC") INVESTIGATED THIS MATTER INTERNALLY PRIOR TO NASD'S INVESTIGATION. WPC REPRIMANDED THE REGISTERED PERSON. WPC UPDATED ITS WRITTEN SUPERVISORY PROCEDURES TO ELIMINATE ANY LONG SALES UNLESS WESTPARK HAS PHYSICAL POSSESSION OF THE CERTIFICATES. THE REGISTERED PERSON RESPONSIBLE FOR THIS CONDUCT IS NO LONGER ASSOCIATED WITH WPC.

#### Disclosure 12 of 12

<b>Reporting Source:</b>	Regulator
<b>Current Status:</b>	Final
<b>Allegations:</b>	NASD RULES 2110, 2210(B)(1) AND (2), 2210(D)(1)(A) AND (B), 2210(D)(2)(B), 2210(D)(2)(B)(I), 2210(D)(2)(B)(I)(B), 2210(D)(2)(K), 2711(H)(1),(4),(7),(9) AND (10), 2711(I), 3010 - RESPONDENT MEMBER ISSUED RESEARCH REPORTS ON OTCBB TRADED ISSUERS THAT OMITTED MATERIAL FACTS AND QUALIFICATIONS AND DID NOT CONTAIN ADEQUATE DISCLOSURE OF RISKS ASSOCIATED WITH THE PRICE TARGET AND THE FIRM KNEW OR HAD REASON TO KNOW THAT THE STATEMENTS AND CLAIMS WERE UNWARRANTED, EXAGGERATED, FALSE, OR MISLEADING; DID NOT HAVE A REASONABLE BASIS FOR RECOMMENDING THE ISSUERS AS A "STRONG BUY" OR "BUY"; ISSUED RESEARCH REPORTS CONTAINING A CHART COMPARING PRICE STRUCTURES AND TABLES SHOWING PRICE AND EARNINGS INFORMATION WITHOUT PROVIDING SOURCES FOR THE CHART AND INFORMATION; ISSUED RESEARCH REPORTS THAT DID NOT HAVE A REASONABLE BASIS FOR A RECOMMENDATION AS A "STRONG BUY"; DID NOT HAVE A REASONABLE BASIS FOR A TARGET PRICE, AND FAILED TO DISCLOSE THAT THE FIRM'S CEO OWNED STOCK AND



WARRANTS IN THE ISSUER; ISSUED A RESEARCH REPORT THAT DID NOT MAKE ALL DISCLOSURES REQUIRED BY NASD AND DID NOT MAKE ALL DISCLOSURES REQUIRED BY NASD ON THE FRONT PAGE OF THE RESEARCH REPORT; FAILED TO HAVE A PRINCIPAL INITIAL RESEARCH REPORTS AS EVIDENCE OF SUPERVISORY REVIEW BEFORE THE FIRM RELEASED THE REPORTS, FAILED TO MANTAIN COPIES OF THE RESEARCH REPORTS IN SEPARATE FILES; AND FAILED TO ADOPT AND IMPLEMENT WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH NASD RULE 2711.

**Initiated By:** NASD

**Date Initiated:** 11/21/2003

**Docket/Case Number:** CAF030062

**Principal Product Type:** Other

**Other Product Type(s):** RESEARCH REPORTS

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

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

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

**Resolution Date:** 07/19/2004

**Sanctions Ordered:** Censure  
Monetary/Fine \$50,000.00  
Suspension

**Other Sanctions Ordered:** AGREES TO RETAIN AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO NASD, TO REVIEW AND MAKE RECOMMENDATIONS CONCERNING THE ADEQUACY OF ITS CURRENT SUPERVISORY AND OPERATING PROCEDURES AS THEY RELATE TO THE MATTERS DESCRIBED IN THE OFFER OF SETTLEMENT, INCLUDING THE ADEQUACY OF ITS SUPERVISORY PROCEDURES RELATING TO THE ISSURANCE OF RESEARCH REPORTS BEFORE AGAIN ISSUING RESEARCH REPORTS.

**Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED, \$50,000, JOINTLY AND SEVERALLY, SUSPENDED FROM ISSUING RESEARCH REPORTS FOR 6 MONTHS; AGREES TO RETAIN AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO NASD, TO REVIEW AND MAKE RECOMMENDATIONS CONCERNING THE ADEQUACY OF ITS CURRENT SUPERVISORY AND OPERATING PROCEDURES AS THEY RELATE TO THE MATTERS DESCRIBED IN THE OFFER OF SETTLEMENT, INCLUDING THE ADEQUACY OF ITS



SUPERVISORY PROCEDURES RELATING TO THE ISSURANCE OF  
RESEARCH REPORTS BEFORE AGAIN ISSUING RESEARCH REPORTS.  
SUSPENSION EFFECTIVE AUGUST 16, 2004 TO CLOSE OF BUSINESS  
FEBRUARY 15, 2005.

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**Reporting Source:** Firm

**Current Status:** Final

**Allegations:** NASD RULES 2110, 2210(B)(1) AND (2), 2210(D)(1)(A) AND (B), 2210(D)(2)(B), 2210(D)(2)(B)(I), 2210(D)(2)(B)(I)(B), 2210(D)(2)(K), 2711(H)(1),(4),(7),(9) AND (10), 2711(I), 3010 - RESPONDENT ISSUED RESEARCH REPORTS ON OTCBB TRADED ISSUERS THAT OMITTED MATERIAL FACTS AND QUALIFICATIONS AND DID NOT CONTAIN ADEQUATE DISCLOSURE OF RISKS ASSOCIATED WITH THE PRICE TARGET AND THE FIRM KNEW OR HAD REASON TO KNOW THAT THE STATEMENTS AND CLAIMS WERE UNWARRANTED, EXAGGERATED, FALSE, OR MISLEADING; DID NOT HAVE A REASONABLE BASIS FOR RECOMMENDING THE ISSUERS AS A "STRONG BUY" OR "BUY"; ISSUED RESEARCH REPORTS CONTAINING A CHART COMPARING PRICE STRUCTURES AND TABLES SHOWING PRICE AND EARNINGS INFORMATION WITHOUT PROVIDING SOURCES FOR THE CHART AND INFORMATION; ISSUED RESEARCH REPORTS THAT DID NOT HAVE A REASONABLE BASIS FOR A RECOMMENDATION AS A "STRONG BUY"; DID NOT HAVE A REASONABLE BASIS FOR A TARGET PRICE, AND FAILED TO DISCLOSE THAT HE OWNED STOCK AND WARRANTS IN THE ISSUER; ISSUED A RESEARCH REPORT THAT DID NOT MAKE ALL DISCLOSURES REQUIRED BY NASD AND DID NOT MAKE ALL DISCLOSURES REQUIRED BY NASD ON THE FRONT PAGE OF THE RESEARCH REPORT; FAILED TO HAVE A PRINCIPAL INITIAL RESEARCH REPORTS AS EVIDENCE OF SUPERVISORY REVIEW BEFORE THE FIRM RELEASED THE REPORTS, FAILED TO MAINTAIN COPIES OF THE RESEARCH REPORTS IN SEPARATE FILES; AND FAILED TO ADOPT AND IMPLEMENT WRITTEN SUPERVISORY PROCEDURES REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH NASD RULE 2711.

**Initiated By:** NASD

**Date Initiated:** 11/21/2003

**Docket/Case Number:** CAF030062

**Principal Product Type:** Other

**Other Product Type(s):** RESEARCH REPORTS

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



<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, SUSPENSION
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	11/21/2003
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$50,000.00 Suspension
<b>Other Sanctions Ordered:</b>	REQUALIFY AS A SERIES 24
<b>Sanction Details:</b>	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, FIRM AND RAPPAPORT CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THEY ARE FINED \$50,000, JOINTLY AND SEVERALLY. RAPPAPORT WAS SUSPENDED FROM ASSOCIATION WITH ANY NASD MEMBER AS A SERIES 24 FOR 30 DAYS; AND REQUIRED TO REQUALIFY AS A SERIES 24. MR. RAPPAPORT SERVED HIS SUSPENSION FROM AUGUST 16, 2004 THROUGH SEPTEMBER 14, 2004.
<b>Firm Statement</b>	AS THE SERIES 24 LICENSE OVERSEEING THE RESEARCH REPORT FUNCTIONS, I ELECTED TO GO THE LEAST COSTLY ROUTE BY SETTLING THIS MATTER WITHOUT ADMITTING THE ALLEGATIONS OR DENYING. AS PART OF THE SETTLEMENT, THE NASD ARRANGEMENT PROHIBITED ME FROM DISCUSSING THE MERITS OF THIS CASE PUBLICLY OR IN MY U-4.



## 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 2

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
<b>Arbitration Forum:</b>	FINRA
<b>Case Initiated:</b>	07/21/2009
<b>Case Number:</b>	<a href="#">09-04244</a>
<b>Disputed Product Type:</b>	OTHER TYPES OF SECURITIES
<b>Sum of All Relief Requested:</b>	\$400,000.00
<b>Disposition:</b>	AWARD AGAINST PARTY
<b>Disposition Date:</b>	12/29/2010
<b>Sum of All Relief Awarded:</b>	\$585,000.00

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

### Disclosure 2 of 2

<b>Reporting Source:</b>	Regulator
<b>Type of Event:</b>	ARBITRATION
<b>Allegations:</b>	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-ELDER ABUSE; ACCOUNT ACTIVITY-FRAUD; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



**Arbitration Forum:** FINRA  
**Case Initiated:** 01/29/2020  
**Case Number:** [20-00320](#)  
**Disputed Product Type:** COMMON STOCK; MUTUAL FUNDS; OTHER TYPES OF SECURITIES;  
PRIVATE EQUITIES  
**Sum of All Relief Requested:** \$400,000.01  
**Disposition:** AWARD AGAINST PARTY  
**Disposition Date:** 05/25/2021  
**Sum of All Relief Awarded:** \$794,432.12

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

## End of Report



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