



IAPD Report

ROBERT EARL HILLARD

CRD# 1005606

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Please contact FINRA with any concerns.



IAPD Information About Representatives

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

What is included in a IAPD report?

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD 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 representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

How current is this information?

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

Need help interpreting this report?

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

What if I want to check the background of an Individual Broker or Brokerage Firm?

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

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

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



Report Summary

ROBERT EARL HILLARD (CRD# 1005606)

The report summary provides an overview of the representative's professional background and conduct. The information contained in this report has been provided by the representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the representative, a previous employing firm, or a securities regulator on **09/09/2025**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	ARLINGTON SECURITIES, INC.	CRD# 19596	03/05/1990
IA	ARLINGTON SECURITIES, INC	CRD# 19596	04/05/1990

QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and **15** jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration.

Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

	FIRM	CRD#	LOCATION	REGISTRATION DATES
B	ARLINGTON SECURITIES, INC.	19596	LOCATION	03/05/1990 - 04/26/1995
B	AMERICAN CAPITAL EQUITIES, INC.	13272	LOCATION	03/28/1983 - 01/04/1991
B	FIRST AFFILIATED SECURITIES, INC.	6871	LOCATION	08/21/1981 - 03/28/1983

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

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

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	7
Customer Dispute	1



Qualifications

REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with 15 jurisdiction(s) and 1 SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **ARLINGTON SECURITIES, INC**
Main Address: ST LOUIS, MO
Firm ID#: 19596

	Regulator	Registration	Status	Date
B	FINRA	General Securities Representative	Approved	03/05/1990
B	FINRA	Introducing BD/Finan Operation Principal	Approved	03/08/1991
B	FINRA	General Securities Principal	Approved	03/13/1997
B	FINRA	Municipal Securities Principal	Approved	06/29/1998
B	FINRA	Municipal Securities Representative	Approved	06/29/1998
B	FINRA	Municipal Fund	Approved	09/16/2003
B	FINRA	Operations Professional	Approved	12/09/2011
B	California	Agent	Approved	07/10/2007
B	Colorado	Agent	Approved	07/18/2007
B	Florida	Agent	Approved	07/12/2007
B	Georgia	Agent	Approved	07/24/2007
B	Illinois	Agent	Approved	05/07/1990
B	Indiana	Agent	Approved	07/13/2007
B	Minnesota	Agent	Approved	09/22/2008



Qualifications

Regulator	Registration	Status	Date
B Missouri	Agent	Approved	04/05/1990
IA Missouri	Investment Adviser Representative	Approved	04/05/1990
B New York	Agent	Approved	07/23/2007
B North Carolina	Agent	Approved	07/11/2007
B Ohio	Agent	Approved	09/25/2007
B Oklahoma	Agent	Approved	07/11/2007
B Tennessee	Agent	Approved	06/21/1990
B Texas	Agent	Approved	06/28/2007
B Virginia	Agent	Approved	11/27/1990

Branch Office Locations

ARLINGTON SECURITIES, INC
ST LOUIS, MO

ARLINGTON SECURITIES, INC
13761 ST. CHARLES ROCK RD. STE 109
BRIDGETON, MO 63044

ARLINGTON SECURITIES, INC
2 PARK PLACE
SWANSEA, IL 62226

ARLINGTON SECURITIES, INC
ST. LOUIS, MO

ARLINGTON SECURITIES, INC
Dardenne Prairie, MO

ARLINGTON SECURITIES, INC
1426 FEISE ROAD
DARDEINNE PRAIRIE, MO 63368

ARLINGTON SECURITIES, INC
1115 Halle Park Circle
COLLIERVILLE, TN 38017

ARLINGTON SECURITIES, INC
304 Eldorado Rd Ste 1A
BLOOMINGTON, IL 61704







Qualifications

PASSED INDUSTRY EXAMS





This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

This individual has passed 4 principal/supervisory exams, 4 general industry/product exams, and 2 state securities law exams.



Principal/Supervisory Exams

	Exam	Category	Date
	Municipal Fund Securities Principal Examination (S51)	Series 51	01/03/2003
	Introducing Broker/Dealer Financial Operations Principal Examination (S28)	Series 28	03/06/1991
	Municipal Securities Principal Examination (S53)	Series 53	08/11/1989
	General Securities Principal Examination (S24)	Series 24	05/19/1989

General Industry/Product Exams

	Exam	Category	Date
	Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
	Municipal Securities Representative Examination (S52TO)	Series 52TO	01/02/2023
	Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
	General Securities Representative Examination (S7)	Series 7	08/15/1981

State Securities Law Exams

	Exam	Category	Date
	Uniform Investment Adviser Law Examination (S65)	Series 65	07/19/2025
	Uniform Securities Agent State Law Examination (S63)	Series 63	08/21/1981



PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
B	03/05/1990 - 04/26/1995	ARLINGTON SECURITIES, INC.	CRD# 19596	
B	03/28/1983 - 01/04/1991	AMERICAN CAPITAL EQUITIES, INC.	CRD# 13272	
B	08/21/1981 - 03/28/1983	FIRST AFFILIATED SECURITIES, INC.	CRD# 6871	

EMPLOYMENT HISTORY

Below is the representative's employment history for up to the last 10 years.

Employment Dates	Employer Name	Position	Investment Related	Employer Location
02/1990 - Present	ARLINGTON SECURITIES, INC.	PRESIDENT	Y	ST. LOUIS, MO, United States

OTHER BUSINESS ACTIVITIES

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

ROBERT E. HILLARD, CPA - TAX PREPARATION & ACCOUNTING SERVICE - PROPRIETOR - 140 MARINE LANE, ST. LOUIS, MO 63146 - SINCE 1972 - 250 HOURS ANNUALLY (MOSTLY FEB-APR)



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure 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 represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	7
Customer Dispute	1

Regulatory Event

This disclosure event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a federal regulator such as the Securities and Exchange Commission or the Commodities Futures Trading Commission, or a foreign financial regulatory body) for a violation of investment-related rules or regulations. This disclosure event may also include a revocation or suspension of an Investment Adviser Representative's authority to act as an attorney, accountant or federal contractor.

Disclosure 1 of 7

Reporting Source:	Regulator
Regulatory Action Initiated By:	Missouri
Sanction(s) Sought:	Monetary Penalty other than Fines Suspension
Date Initiated:	03/04/2025
Docket/Case Number:	AP-25-01
URL for Regulatory Action:	https://www.sos.mo.gov/CMSImages/Securities/AP-25-01.pdf
Employing firm when activity occurred which led to the regulatory action:	Arlington Securities, Inc.
Product Type:	No Product
Allegations:	Respondent was subject of an AWC for violating FINRA Rules 2330(b), 2111 and 2010. The Enforcement Section alleges that these actions constitute sufficient grounds to suspend Respondent's Missouri registration as a broker-dealer agent and investment adviser representative in accordance with Sections 409.4-412(b) and 409.4-412(d)(5)(C).
Current Status:	Final
Resolution:	Consent



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

No

Resolution Date:

03/04/2025

Sanctions Ordered:

Monetary Penalty other than Fines
Suspension
Other: Payment to the Missouri Investor Education and Protection Fund for violations of 409.4-412(d)(5)(C).

Sanction 1 of 1

Sanction Type:

Suspension

Capacities Affected:

All Capacities

Duration:

2 months

Start Date:

03/04/2025

End Date:

05/05/2025

Monetary Sanction 1 of 1

Monetary Related Sanction:

Monetary Penalty other than Fines

Total Amount:

\$10,000.00

Portion Levied against individual:

\$10,000.00

Payment Plan:

No

Is Payment Plan Current:

Yes

Date Paid by individual:

03/04/2025

Was any portion of penalty waived?

No

Amount Waived:

Regulator Statement

Respondent is SUSPENDED from operating as a broker-dealer agent and investment adviser representative in the State of Missouri concurrent with the FINRA suspension until May 5, 2025, during which Respondent is prohibited from receiving remuneration or compensation, either directly or indirectly, of any kind or in any form from any broker-dealer or investment adviser or any officer, director, employee or agent of same; Respondent shall pay \$10,000 to the Missouri Secretary of State's Investor Education and Protection Fund for violations of Section 409.4-412(d)(5)(C) at the execution of this Order; Respondent is permanently enjoined and restrained from engaging in violations of Section 409.4-412(d)(5)(C), by engaging in conduct and/or activities subject to discipline under Section 409.4-412.

Reporting Source:

Individual

Regulatory Action Initiated By:

Missouri

Sanction(s) Sought:

Monetary Penalty other than Fines
Suspension



Date Initiated:	03/04/2025
Docket/Case Number:	AP-25-01
Employing firm when activity occurred which led to the regulatory action:	Arlington Securities Inc
Product Type:	No Product
Allegations:	Respondent was subject of an AWC for violating FINRA Rules 2330(b), 2111 and 2010. The Enforcement Section alleges that these actions constitute sufficient grounds to suspend Respondent's Missouri registration as a broker-dealer agent and investment advisor representative in accordance with Sections 409.4-412(b) and 409.4-412(d)(5)(C).
Current Status:	Final
Resolution:	Consent
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	03/04/2025
Sanctions Ordered:	Monetary Penalty other than Fines Suspension Other: Payment to the Missouri Investor Education and Protection Fund for violations of 409.4-412(d)(5)(C).
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	All Capacities
Duration:	2 months
Start Date:	03/04/2025
End Date:	05/05/2025
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Monetary Penalty other than Fines
Total Amount:	\$10,000.00
Portion Levied against individual:	\$10,000.00
Payment Plan:	No
Is Payment Plan Current:	Yes
Date Paid by individual:	03/04/2025
Was any portion of penalty waived?	No
Amount Waived:	
Broker Statement	Respondent is SUSPENDED from operating as a broker-dealer agent and investment adviser representative in the State of Missouri concurrent with the



FINRA suspension until May 5, 2025, during which Respondent is prohibited from receiving remuneration or compensation, either directly or indirectly, of any kind or in any form from any broker-dealer or investment adviser or any officer, director, employee or agent of same; Respondent shall pay \$10,000 to the Missouri Secretary of State's Investor Education and Protection Fund for violations of Section 409.4-412(d)(5)(C) at the execution of this Order; Respondent is permanently enjoined and restrained from engaging in violations of Section 409.4-412(d)(5)(C), by engaging in conduct and/or activities subject to discipline under Section 409.4-412.

Disclosure 2 of 7**Reporting Source:**

Regulator

Regulatory Action Initiated By:

FINRA

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

12/11/2024

Docket/Case Number:[2020065154601](#)**Employing firm when activity occurred which led to the regulatory action:**

Arlington Securities, Inc.

Product Type:

Mutual Fund

Allegations:

Without admitting or denying the findings, the firm and Hillard consented to the sanctions and to the entry of findings that Hillard recommended that 14 customers liquidate their lower-cost Class A and Class C mutual funds to purchase higher-cost variable annuities without having a reasonable basis to believe the transactions were suitable. The findings stated that when some of the Class C share mutual funds that Hillard had previously sold to his customers began to convert to Class A shares, these conversions resulted in a substantial decrease in Hillard's personal income. Hillard expected other Class C shares would also convert to Class A shares, further reducing Hillard's ongoing trail commissions. The investment-only variable annuity, unlike the customers' mutual fund holdings, charged additional fees, resulting in an increase in the customers' annual expense. Hillard provided substantially identical written rationales for all of these recommendations without consideration of the differences in the individual profiles of each customer. As a result of Hillard's unsuitable recommendations, his customers collectively paid an additional \$67,026.47 in annual fees. The findings also stated that the firm's supervisory system, including its WSPs, were not reasonably designed to achieve compliance with FINRA's suitability requirements regarding recommendations to sell mutual funds or purchase variable annuities. The firm's WSPs failed to describe the steps that supervisors must take to review the suitability of these transactions, including the identification of potential red flags that the recommendation is not consistent with the customer's investment profile. The firm also failed to analyze whether there was any benefit to purchasing an investment-only variable annuity in a qualified account, or whether the customers' objective of making fund transfers easier could be accomplished through cost-free exchanges within the same mutual fund family. Finally, the firm failed to reasonably review the suitability of Hillard's recommendations that his customers liquidate their mutual funds in order to purchase higher-cost variable annuities. The firm failed to consider that the customer's ongoing fees on their existing mutual funds had or would decrease by converting to Class A shares, which would further increase the differential in fees with the investment-only variable annuity.

Current Status:

Final



Resolution: Acceptance, Waiver & Consent(AWC)

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

Resolution Date: 12/11/2024

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

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise? No

(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	All Capacities
Duration:	Four Months
Start Date:	01/06/2025
End Date:	05/05/2025

Monetary Sanction 1 of 2

Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$10,000.00
Portion Levied against individual:	\$10,000.00
Payment Plan:	
Is Payment Plan Current:	
Date Paid by individual:	12/31/2024
Was any portion of penalty waived?	No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction:	Restitution
Total Amount:	\$67,026.47
Portion Levied against individual:	\$67,026.47
Payment Plan:	Jointly and Severally with Firm; plus interest
Is Payment Plan Current:	
Date Paid by individual:	
Was any portion of penalty waived?	No



Amount Waived:

.....

Reporting Source: Individual
Regulatory Action Initiated By: FINRA
Sanction(s) Sought: Restitution
Suspension
Date Initiated: 12/11/2024
Docket/Case Number: 2020065154601
Employing firm when activity occurred which led to the regulatory action: ARLINGTON SECURITIES, INC

Product Type: Mutual Fund

Allegations: Without admitting or denying the findings, the firm and Hillard consented to the sanctions and to the entry of findings that Hillard recommended that 14 customers liquidate their lower-cost Class A and Class C mutual funds to purchase higher-cost variable annuities without having a reasonable basis to believe the transactions were suitable. The findings stated that when some of the Class C share mutual funds that Hillard had previously sold to his customers began to convert to Class A shares, these conversions resulted in substantial decrease in Hillard's personal income. Hillard expected other Class C shares would also convert to Class A Shares, further reducing Hillard's ongoing trail commissions. The investment-only variable annuity, unlike the customers' mutual fund holdings, charged additional fees, resulting in an increase in the customers' annual expense. Hillard provided substantially identical written rationales for all these recommendations without consideration of the differences in the individual profiles of each customer. As a result of Hillard's unsuitable recommendations, his customers collectively paid an additional \$67,026.47 in annual fees. The findings also stated that the firm's supervisory system, including its WSPs, were not reasonably designed to achieve compliance with FINRA's suitability requirements regarding recommendations to sell mutual funds or purchase variable annuities. The firm's WSPs failed to describe the steps that supervisors must take to review the suitability of these transactions, including the identification of potential red flags that the recommendation is not consistent with the customer's investment profile. The firm also failed to analyze whether there was any benefit to purchasing an investment-only variable annuity in a qualified account, or whether the customers' objective of making fund transfers easier could be accomplished through cost-free exchanges within the same mutual fund family. Finally, the firm failed to reasonably review the suitability of Hillard's recommendations that his customers liquidate their mutual funds in order to purchase higher-cost variable annuities. The firm failed to consider that the customer's ongoing fees on their existing mutual funds had or would decrease by converting to Class A shares, which would further increase the differential in fees with the investment-only variable annuity

Current Status: Final
Resolution: Acceptance, Waiver & Consent(AWC)



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	12/11/2024
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Restitution Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	Suspended in all capacities January 6, 2025 through May 5, 2025
Duration:	Four months - January 6, 2025 through May 5, 2025
Start Date:	01/06/2025
End Date:	05/05/2025
Monetary Sanction 1 of 2	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$10,000.00
Portion Levied against individual:	\$10,000.00
Payment Plan:	Will overnight check on 01/02/2025
Is Payment Plan Current:	Yes
Date Paid by individual:	12/31/2024
Was any portion of penalty waived?	No
Amount Waived:	
Monetary Sanction 2 of 2	
Monetary Related Sanction:	Restitution
Total Amount:	\$67,026.47
Portion Levied against individual:	\$67,026.47
Payment Plan:	Jointly and severally with firm; plus interest
Is Payment Plan Current:	Yes
Date Paid by individual:	12/23/2024
Was any portion of penalty waived?	No
Amount Waived:	
Disclosure 3 of 7	
Reporting Source:	Regulator



Regulatory Action Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 10/07/1994

Docket/Case Number: SEC REL. 34-35585

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type: No Product

Other Product Type(s):

Allegations: SEC NEWS DIGEST, ISSUE 94-192 DATED OCTOBER 7,1994; THE COMMISSION ANNOUNCED THAT IT INSTITUTED PREVIOUSLY AUTHORIZED PUBLIC ADMINISTRATIVE PROCEEDINGS AGAINST ROBERT EARL HILLARD, PURSUANT TO SECTIONS 15(B) AND 19(H) OF THE SECURITIES EXCHANGE ACT OF 1934 TO DETERMINE WHETHER HE FAILED REASONABLY TO SUPERVISE WITHIN THE MEANING OF SECTION 15(B)(4)(E) OF THE EXCHANGE ACT AND, IF SO, WHAT REMEDIAL ACTION, IF ANY, SHOULD BE TAKEN AGAINST HIM. HILLARD IS ALLEGED TO HAVE FAILED REASONABLY TO SUPERVISE REGISTERED REPRESENTATIVES UNDER HIS CONTROL WITH A VIEW TO PREVENTING THEIR VIOLATIONS OF THE FEDERAL SECURITIES LAWS.

Current Status: Final

Resolution: Order

Resolution Date: 04/10/1995

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details: SEC NEWS DIGEST, ISSUE 95-73, DATED APRIL 17,1995; THE COMMISSION ANNOUNCED THAT IT ENTERED AN ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS ("ORDER") AGAINST HILLARD. HILLARD SUBMITTED, AND THE COMMISSION ACCEPTED, AN OFFER OF SETTLEMENT WHEREBY HE CONSENTED, WITHOUT ADMITTING OR DENYING THE FACTS, FINDINGS OR CONCLUSIONS CONTAINED IN THE ORDER, TO ENTRY OF AN ORDER FINDING THAT HE VIOLATED THE SUPERVISORY PROVISIONS OF THE FEDERAL SECURITIES LAWS. BASED UPON THIS FINDING AND HILLARD'S CONSENT, THE COMMISSION BARRED HIM FROM ACTING IN A SUPERVISORY CAPACITY WITH ANY BROKER OR DEALER FOR A PERIOD OF ONE YEAR. ADMINISTRATIVE PROCEEDINGS FILE NO. 3-8506 RE: ROBERT EARL HILLARD THE SEC DIGEST, ISSUE 95-73 STATED HILLARD WAS BARRED WHICH WAS AN ERROR, ACCORDING TO THE ORDER. SEC DOCKET, VOLUME 59, NO. 2, DATED MAY 9, 1995, PAGE 0173; HILLARD IS SUSPENDED FROM ACTING IN A SUPERVISORY CAPACITY WITH ANY BROKER OR DEALER FOR ONE YEAR. THE ORDER OF SUSPENSION AGAINST RESPONDENT IS DATED APRIL 10. 1995.

Reporting Source: Individual



Regulatory Action Initiated By: SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought:

Other Sanction(s) Sought: ONE YEAR SUSPENSION OF LICENSE TO SUPERVISE OTHERS.

Date Initiated: 10/07/1994

Docket/Case Number: 3-8506

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type: Equity - OTC

Other Product Type(s):

Allegations: LACK OF SUPERVISION BETWEEN JANUARY 1987 AND DECEMBER 1987.

Current Status: Final

Resolution: Consent

Resolution Date: 04/10/1995

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details: HILLARD AGREED TO A ONE YEAR SUSPENSION FROM ACTING IN A SALES SUPERVISORY CAPACITY.

Disclosure 4 of 7

Reporting Source: Regulator

Regulatory Action Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 04/29/1988

Docket/Case Number: KC-418

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type:

Other Product Type(s):

Allegations:

Current Status: Final

Resolution: Decision

Resolution Date: 05/20/1989

Sanctions Ordered: Censure



Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement

COMPLAINT NO. KC-418 FILED APRIL 29, 1988 BY DISTRICT NO. 4 AGAINST RESPONDENTS AMERICAN CAPITAL EQUITIES, INC., ROBERT EARL HILLARD, STEPHEN KENNETH BURCH AND HAROLD LEONARD RAPHAEL

ALLEGING VIOLATIONS OF ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE IN THAT RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS BURCH AND RAPHAEL FAILED TO COMPLY WITH REGULATION

T; FAILED TO "REFRAIN FROM A CONVERSION TO AN ALTERNATE SERVICE BUREAU, CLEARING FACILITY OR CLEARING BROKER-DEALER WITHOUT PRIOR CONSENT AND SUBMISSION OF A WRITTEN PLAN OF CONVERSION TO

DISTRICT COMMITTEE NO. 4" AS HAD BEEN PREVIOUSLY AGREED TO IN WRITING BY RESPONDENTS AS PART OF A LETTER PURSUANT TO WHICH THE FIRM AGREED TO CONDUCT ITS BUSINESS UNDER SUCH RESTRICTION.

DECISION RENDERED OCTOBER 20, 1988, WHEREIN THE COMPLAINT IS DISMISSED AS TO RESPONDENTS BURCH AND RAPHAEL AND THE DECISION

IS TO ACT AS A LETTER OF CAUTION AS TO RESPONDENTS MEMBER AND HILLARD. IF NO FURTHER ACTION, DECISION IS FINAL DECEMBER 3, 1988.

DECEMBER 9, 1988 - CALLED FOR REVIEW.

BOARD OF GOVERNORS' DECISION RENDERED APRIL 21, 1989 WHEREIN THE FINDINGS AND SANCTIONS ARE MODIFIED; THEREFORE, RESPONDENTS

MEMBER AND HILLARD ARE CENSURED AND FINED \$5,000.00, JOINTLY AND SEVERALLY AND HILLARD IS REQUIRED TO REQUALIFY BY EXAMINATION AS A GENERAL SECURITIES PRINCIPAL WITHIN 90 DAYS OF THE DECISION OR CEASE TO BE QUALIFIED TO BE REGISTERED IN THAT CAPACITY. THE BOARD REVERSED THE DISMISSAL OF ALLEGATIONS AS TO

THE FIRM AND HILLARD AS CONTAINED IN THE FIRST AND SECOND CAUSES OF COMPLAINT AND AFFIRMED THE DISMISSAL OF THE COMPLAINT

AS TO RESPONDENTS BURCH AND RAPHAEL. IF NO FURTHER ACTION, DECISION IS FINAL MAY 20, 1989.

MAY 20, 1989 - DECISION IS FINAL.

***** \$5,000 PAID J&S ON 5/9/89 - DEPOSIT NO. 228.

Reporting Source: Individual

Regulatory Action Initiated By: NASD DISTRICT 4.

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

Other Sanction(s) Sought: LETTER OF CAUTION

Date Initiated: 04/29/1988



Docket/Case Number: KC-418

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type: No Product

Other Product Type(s):

Allegations: CIRCUMVENTION OF REGULATION T (SECTION 220.8) FOR FAILURE TO PROPERLY CANCEL TRANSACTIONS, SECOND CAUSE OF THE COMPLAINT ALLEGED CONVERSION TO AN ALTERNATIVE CLEARING FACILITY WITHOUT THE PRIOR CONSENT OF NASD DISTRICT 4.

Current Status: Final

Resolution: Decision

Resolution Date: 05/20/1989

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

Other Sanctions Ordered: REQUALIFICATION AS FINANCIAL PRINCIPAL.

Sanction Details: HILLARD REQUALIFIED BY EXAMINATION AS A GENERAL SECURITIES PRINCIPAL WITHIN 90 DAYS OF DECISION.

Disclosure 5 of 7

Reporting Source: Regulator

Regulatory Action Initiated By: IOWA

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 12/21/1989

Docket/Case Number: C90-11-161

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type:

Other Product Type(s):

Allegations:

Current Status: Final

Resolution: Order

Resolution Date: 12/21/1989

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

**Sanction Details:****Regulator Statement**

*3/13/90 FORM U-6 (8028 03890) DISCLOSES: AMERICAN CAPITAL EQUITIES, INC. SOLD 2 UNREGISTERED SECURITIES TO 4 IOWA CUSTOMERS WHEN THE SECURITIES AND THE FIRM WERE UNREGISTERED. AMERICAN CAPITAL EQUITIES, INC., ROBERT E. HILLARD, AND ANY OTHER AGENTS WERE ORDERED TO CEASE AND DESIST THE SALE OF UNREGISTERED, NON-EXEMPT SECURITIES. AMERICAN CAPITAL EQUITIES, INC. WAS ORDER TO HALT BUSINESS IN IOWA WHILE UNREGISTERED; AMERICAN CAPITAL EQUITIES, INC. AND HILLARD WERE ORDER TO HALT EMPLOYING UNREGISTERED AGENTS; ALL AGENTS OF AMERICAN CAPIAL EQUITIES, INC. WERE ORDERED TO HALT SALES WHILE UNREGISTERED. DOCKET/CASE NO. C90-11-161, DATED 12/21/89.

Reporting Source: Individual

Regulatory Action Initiated By: SUPERINTENDENT OF SECURITIES OF STATE OF IOWA.

Sanction(s) Sought: Cease and Desist

Other Sanction(s) Sought:

Date Initiated: 12/21/1989

Docket/Case Number: C90-11-161

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type: Equity - OTC

Other Product Type(s):

Allegations: AS PRESIDENT OF THE B/D (CONTROL PERSON) I WAS HELD RESPONSIBLE FOR MY SUBORDINANTS WHO ALLOWED SALE OF UNREGISTERED SECURITIES BY AN ASSOCIATED PERSON IN THE STATE OF IOWA WHEN NEITHER THE B/D OR THE REP WAS LICENSED IN IOWA.

Current Status: Final

Resolution: Order

Resolution Date: 12/21/1989

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: TOLD NOT TO DO BUSINESS UNTIL REGISTERED.

Disclosure 6 of 7

Reporting Source: Regulator

Regulatory Action Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Sanction(s) Sought:

**Other Sanction(s) Sought:**

Date Initiated: 03/22/1991
Docket/Case Number: C04910003
Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES INC.

Product Type:**Other Product Type(s):****Allegations:**

Current Status: Final
Resolution: Consent
Resolution Date: 03/22/1991
Sanctions Ordered: Censure
Monetary/Fine \$1,000.00

Other Sanctions Ordered:**Sanction Details:**

Regulator Statement ON MARCH 22, 1991, THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C04910003 (DISTRICT NO. 4) SUBMITTED BY RESPONDENTS AMERICAN CAPITAL EQUITIES, INC., ROBERT EARL HILLARD AND ROBERT JACOB CECIL, JR. WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$3,000; AND, RESPONDENTS HILLARD AND CECIL ARE EACH CENSURED AND FINED \$1,000 - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENTS HILLARD AND CECIL, CONDUCTED A SECURITIES BUSINESS WHILE FAILING TO MAINTAIN ITS REQUIRED MINIMUM NET CAPITAL).
\$1,000.00 PAID ON 4/26/91 INVOICE #91-04-396

Reporting Source: Individual
Regulatory Action Initiated By: NASD DISTRICT #4
Sanction(s) Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s) Sought:

Date Initiated: 03/22/1991
Docket/Case Number: C04910003
Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES INC.

Product Type: No Product

Other Product Type(s):



Allegations: AS CONTROL PERSON HILLARD WAS RESPONSIBLE FOR AMERICAN CAPITAL EQUITIES VIOLATION OF THE NASD NET CAPITAL RULE.

Current Status: Final

Resolution: Consent

Resolution Date: 03/22/1991

Sanctions Ordered: Censure
Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: PAID \$1,000.00 FINE.

Disclosure 7 of 7

Reporting Source: Regulator

Regulatory Action Initiated By: FLORIDA

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 09/22/1988

Docket/Case Number: 889-S-5/88

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type:

Other Product Type(s):

Allegations:

Current Status: Final

Resolution: Stipulation and Consent

Resolution Date: 07/25/1989

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

Regulator Statement 2/15/89-FORM U6 (8068-01889) DISCLOSES: ON SEPTEMBER 22, 1988, THE FLORIDA DIVISION OF SECURITIES ISSUED AN ORDER TO CEASE AND DISIST BASED UPON THE FOLLOWING FINDING OF FACTS.

1. ACE d/b/a SPECIALTY SECURITIES INC., FAILED TO DISCLOSE EXISTENCE OF BONUSES PAID TO ASSOCIATED PERSONS 2. ACE VIOLATED SECTION 517.121, FLORIDA STATUTES AND RULE 3E-600.014(4), BY FAILING TO PREPARE AND MAINTAIN CERTAIN BOOKS AND RECORDS 3. ACE VIOLATED RULE 3E-600.014(6), AND ARTICLE III, SECTION 27(A) NASD RULES OF FAIR PRACTICE BY FAILING TO PROPERLY SUPERVISE ASSOCIATED PERSONS. 4. ACE VIOLATED RULE 3E-600.013(1)(K), AND



ARTICLE III, SECTION 4, NASD RULES OF FAIR PRACTICE. THE MAITLAND FLORIDA BRANCH OFFICE OF ACE SOLD SECURITIES WITH MARK-UPS FROM 2.4% TO 25% IN VIOLATION OF ARTICLE III, SECTION 4, NASD RULES OF FAIR PRACTICE. 5. THE MAITLAND, FLORIDA BRANCH OFFICE OF ACE SOLD UNREGISTERED SECURITIES TO RESIDENTS OF FLORIDA. 6. ACE FAILED TO MAINTAIN ASSOCIATED PERSONS FILES. 7. THE DEERFIELD OFFICE OF ACE HAD BEEN OPERATING SINCE SEPTEMBER, 1987 WITHOUT BEING PROPERLY REGISTERED. 8. ACE FAILED TO ESTABLISH SUPERVISORY PROCEDURES IN THE DEERFIELD OFFICE 9. RESPONDENT RAPHAEL, AS MANAGER OF ACE MAITLAND OFFICE d/b/a SPECIALTY SECURITIES FAILED TO IMPLEMENT DIRECTIONS OF THE FIRM'S SUPERVISORY MANUAL. 10. SPECIALTY SECURITIES VIOLATED SECTION 517.12(1), FLORIDA STATUTES, SALES BY AN UNREGISTERED BROKER/DEALER.

11. THAT RAPHAEL AND SPECIALITY VIOLATED SECTION 517.301(1)(c), FLORIDA STATUTES, FALSIFICATION OR CONCEALMENT OF MATERIAL FACTS. 12. THE DEPARTMENT CONDUCTED AN EXAMINATION OF THE PENSACOLA OFFICE OF ACE. EXAMINATION DISCLOSED THAT KURY HAD CONTINUOUSLY BORROWED MONEY IN THE FORM OF PERSONAL AND/OR CORPORATE PROMISSORY NOTES FROM CUSTOMERS OF AMERICA. THE TOTAL OUTSTANDING INDEBTEDNESS OF KURY AT PRESENT APPROACHES \$3,000,000. 9-23-89 AMENDED FORM U6 (8050-24889) DISCLOSES: ON OCTOBER 10, 1988, AMERICAN CAPITAL EQUITIES, INC. AND HIL *See FAQ #1*

Reporting Source: Firm

Regulatory Action Initiated By: FLORIDA

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 09/22/1988

Docket/Case Number: 889-S-5/88

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type:

Other Product Type(s):

Allegations:

Current Status: Final

Resolution: Stipulation and Consent

Resolution Date: 07/25/1989

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:



Reporting Source: Individual

Regulatory Action Initiated By: DIVISION OF SECURITIES AND INVESTORS PROTECTION - STATE OF FLORIDA

Sanction(s) Sought: Cease and Desist

Other Sanction(s) Sought:

Date Initiated: 09/22/1988

Docket/Case Number: 889-S-5/88

Employing firm when activity occurred which led to the regulatory action: AMERICAN CAPITAL EQUITIES, INC.

Product Type: Equity - OTC

Other Product Type(s):

Allegations: VIOLATION OF FLORIDA SECURITIES LAWS.

Current Status: Final

Resolution: Stipulation and Consent

Resolution Date: 07/25/1989

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ACCUSATIONS, HILLARD AGREED TO SURRENDER INDIVIDUAL REGISTRATION IN THE STATE OF FLORIDA. FLORIDA AGREED IT SHALL NOT UTILIZE THE ALLEGATIONS IN THE CEASE AND DESIST ORDER AS THE SOLE BASIS FOR DENYING AN APPLICATION TO BE RELICENSED AFTER A PERIOD OF TWO YEARS FROM THE DATE OF THE FINAL ORDER (7/25/89).



Customer Dispute

This section provides information regarding a customer dispute that was reported to the Investment Adviser Registration Depository (IARD) by the Investment Adviser Representative (IAR), an investment adviser and/or securities firm, and/or a securities regulator. The event may include a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit that contains allegations of sales practice violations against the individual.

The customer dispute may be pending or may have resulted in a civil judgment, arbitration award, monetary settlement, closure without action, withdrawal, dismissal, denial, or other outcome.

Disclosure 1 of 1

Reporting Source: Regulator

Employing firm when activities occurred which led to the complaint: AMERICAN CAPITAL EQUITIES, INC.

Allegations: MISREPRESENTATION; CHURNING; BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE

Product Type: Equity Listed (Common & Preferred Stock)

Alleged Damages: \$338,000.00

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [NASD - CASE #91-02022](#)

Date Notice/Process Served: 06/27/1991

Arbitration Pending? No

Disposition: Award

Disposition Date: 09/28/1992

Disposition Detail: RESPONDENTS ARE FOUND LIABLE, JOINTLY AND SEVERALLY, AND SHALL PAY TO THE CLAIMANTS \$338,000 PLUS INTEREST.

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: AMERICAN CAPITAL EQUITIES, INC.

Allegations:

Product Type:

Alleged Damages:

Customer Complaint Information

Date Complaint Received:

Complaint Pending? No

Status: Arbitration/Reparation

Status Date:

Settlement Amount:

Individual Contribution Amount:



Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [National Association of Securities Dealers, Inc.; 91-02022](#)

Date Notice/Process Served: 07/16/1991

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 09/28/1992

Monetary Compensation Amount: \$537,700.00

Individual Contribution Amount:

.....

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: AMERICAN CAPITAL EQUITIES, INC.

Allegations: AS CONTROL PERSON OF AMERICAN CAPITAL EQUITIES, INC. I INCLUDED IN THE COMPLAINT ALONG WITH A SALES REP, HIS MANAGER, THE CHIEF OPERATIIONS OFFICER AND ADMIN. V.P. ALLEDGING VIOLATION OF FLORIDA STATUTES, BREACH OF FIDUCIARY DUTY, NEGLIGENCE, BREACH OF CONTRACT.

Product Type: Equity - OTC

Alleged Damages:

Customer Complaint Information

Date Complaint Received: 07/16/1991

Complaint Pending? No

Status: Arbitration/Reparation Closed/No Action

Status Date: 10/15/1992

Settlement Amount:

Individual Contribution Amount:

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.; 91-02022](#)

Date Notice/Process Served: 07/16/1991

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 09/28/1992

Monetary Compensation Amount: \$537,700.00



Individual Contribution Amount:

\$0.00

Broker Statement

ALL RESPONDENTS WERE HELD JOINTLY & SEVERALLY
LIABLE FOR AMOUNTS, INCLUDING INTEREST TOTALLING \$537,700,
CAUSING HILLARD TO DECLARE BANKRUPTCY 10-15-92



End of Report

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