



IAPD Report

PAUL FRANCIS MCCARTHY III

CRD# 1298685

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Qualifications	2 - 3
Registration and Employment History	4
Disclosure Information	5



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

Please contact FINRA with any concerns.



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

PAUL FRANCIS MCCARTHY III (CRD# 1298685)

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 **11/05/2019**.

CURRENT EMPLOYERS

Firm	CRD#	Registered Since
IA INVESTMENT MANAGEMENT SERVICES GROUP, LLC	CRD# 144031	10/06/2011

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **1** 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 UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA A LIMITED PARTNER	20804	PALM BAY, FL	03/14/2008 - 09/05/2008
B EMPIRE FINANCIAL GROUP, INC.	28759	LONGWOOD, FL	01/15/2003 - 04/13/2006
B SUMMIT BROKERAGE SERVICES, INC.	34643	BOCA RATON, FL	08/01/2002 - 09/18/2002

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	2
Customer Dispute	1
Termination	3



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 **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **INVESTMENT MANAGEMENT SERVICES GROUP, LLC**
Main Address: 4800 DAIRY ROAD
SUITE 101
MELBOURNE, FL 32904
Firm ID#: 144031

Regulator	Registration	Status	Date
IA Florida	Investment Adviser Representative	Approved	10/06/2011

Branch Office Locations

INVESTMENT MANAGEMENT SERVICES GROUP, LLC
4800 DAIRY ROAD
SUITE 101
MELBOURNE, FL 32904



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 0 principal/supervisory exams, 1 general industry/product exam, and 3 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
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No information reported.

General Industry/Product Exams

Exam	Category	Date
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B	General Securities Representative Examination (S7)	Series 7	09/15/1984
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State Securities Law Exams

Exam	Category	Date
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IA	Uniform Investment Adviser Law Examination (S65)	Series 65	12/02/2010
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IA	B	Uniform Combined State Law Examination (S66)	Series 66	05/14/2007
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B	Uniform Securities Agent State Law Examination (S63)	Series 63	09/28/1984
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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	03/14/2008 - 09/05/2008	UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA A LIMITED PARTNER	CRD# 20804	PALM BAY, FL
B	01/15/2003 - 04/13/2006	EMPIRE FINANCIAL GROUP, INC.	CRD# 28759	LONGWOOD, FL
B	08/01/2002 - 09/18/2002	SUMMIT BROKERAGE SERVICES, INC.	CRD# 34643	BOCA RATON, FL
B	04/23/2001 - 08/01/2002	LOCUST STREET SECURITIES, INC.	CRD# 1703	DES MOINES, IA
B	11/19/1989 - 12/07/2000	ROYAL ALLIANCE ASSOCIATES, INC.	CRD# 23131	SCOTTSDALE, AZ
B	04/26/1988 - 11/19/1989	INTEGRATED RESOURCES EQUITY CORPORATION	CRD# 6403	
B	10/01/1984 - 04/11/1988	DEAN WITTER REYNOLDS INC.	CRD# 7556	

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
04/2011 - Present	INVESTMENT MANAGEMENT SERVICES GROUP, LLC	INVESTMENT ADVISOR REPRESENTATIVE	Y	MELBOURNE, FL, United States
08/2002 - Present	IMS PARTNERS, INC.	VICE PRESIDENT/INSURANCE AGENT	Y	MELBOURNE, FL, 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.

IMS PARTNERS, INC., INVESTMENT RELATED, 4800 DAIRY ROAD, SUITE 101, MELBOURNE, FLORID 32904, INSURANCE SALES, VICE PRESIDENT AND INSURANCE AGENT, STARTED 8/2002, APPROXIMATELY 100 HOURS/MONTH, 2-4 HOURS/DAY DURING TRADING HOURS. MANAGING AN INSURANCE AGENCY AND SELLING INSURANCE RELATED PRODUCTS.



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	2
Customer Dispute	1
Termination	3

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 2

Reporting Source:	Individual
Regulatory Action Initiated By:	State of Florida Department of Financial Services
Sanction(s) Sought:	Civil and Administrative Penalty(ies)/Fine(s)
Date Initiated:	10/01/2015
Docket/Case Number:	170754-15-AG
Employing firm when activity occurred which led to the regulatory action:	IMS Partners, Inc.
Product Type:	Insurance
Allegations:	Through the course of a routine investigation, the Florida Department of Financial Services found Mr. McCarthy authorized an employee of IMS Partners, Inc., under his direct supervision and control, to telephone insurers while impersonating insured in an effort to learn about the insurer's investments. In addition, the Florida Department of Financial Services alleged Paul F. McCarthy sold annuities that replaced other annuities without truthfully disclosing those exchanges and the funding sources for the purchased annuities.
Current Status:	Final
Resolution:	Stipulation and 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:

04/15/2016

Sanctions Ordered:

Civil and Administrative Penalty(ies)/Fine(s)
Other: Monetary Fine and probation for two-(2) years.

Monetary Sanction 1 of 1

Monetary Related Sanction:

Civil and Administrative Penalty(ies)/Fine(s)

Total Amount:

\$7,500.00

Portion Levied against individual:

\$7,500.00

Payment Plan:

Is Payment Plan Current:

No

Date Paid by individual:

04/15/2016

Was any portion of penalty waived?

No

Amount Waived:

Broker Statement

As to not incur any further legal costs and the inconvenience defending himself against the allegations made by the Florida Department of Financial Services in their Administrative Complaint, Paul F. McCarthy consented to the findings by the Florida Department of Financial Services and settled with an administrative fine for \$7,500 and agreed to probation for two-(2) years. The fine has been paid pursuant to the terms of the Settlement Stipulation for Consent Order finalized in April of 2016 and the probation period completed. No further action has been taken by the Florida Department of Financial Services against Paul F. McCarthy.

Disclosure 2 of 2

Reporting Source:

Individual

Regulatory Action Initiated By:

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Sanction(s) Sought:

Revocation

Date Initiated:

11/17/2008

Docket/Case Number:

92507-07-AG

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

MCCARTHY INVESTMENT AND INSURANCE SERVICES, INC.

Product Type:

Annuity-Fixed

Allegations:

THERE WERE THREE (3) COUNTS ALLEGING, IN SUMMARY, FRAUDULENT OR DISHONEST PRACTICES IN THE CONDUCT OF BUSINESS. THE FIRST TWO COUNTS ALLEGED THAT I BORROWED MONEY FROM TWO CLIENTS WHO WERE BOTH CLIENTS OF MY INSURANCE AND INVESTMENT BUSINESS. THE THIRD COUNT ALLEGED THAT I RECOMMENDED A CLIENT



EXCHANGE AN ANNUITY CONTRACT I SOLD HER FOR ANOTHER ANNUITY; AND, THAT I FAILED TO PROPERLY INFORM HER OF THE SURRENDER CHARGES AND I DID SO FOR THE PURPOSE OF GENERATING ADDITIONAL COMMISSIONS FOR MYSELF.

Current Status:

Final

Resolution:

Paul F. McCarthy agreed to a Settlement Stipulation for Consent Order with no finding and no violations of law.

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:

05/28/2009

Sanctions Ordered:

Other: Paul F. McCarthy disputed all facts presented by the Florida Department of Financial Services in their administrative complaint. The Florida Department of Financial Services dismissed ALL findings and ALL violations were dropped. Paul F. McCarthy agreed to this settlement only to avoid the cost and expense of litigation and accepted the eleven-(11) months probation and an additional twelve-(12) hours of continuing education.

Broker Statement

THE THREE-COUNT ADMINISTRATIVE COMPLAINT WITH INTENT TO REVOKE MY INSURANCE LICENSES WERE DROPPED BY THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES ON CONDITION I AGREE TO 11 MONTHS PROBATION AND 12 ADDITIONAL HOURS OF CONTINUING EDUCATION. I AGREE TO THESE TERMS WITHOUT ADMITTING TO ANY OF THE ALLEGATIONS OR THAT I VIOLATED ANY PROVISIONS OF LAW.

The Settlement Stipulation for Consent Order issued by the Florida Department of Financial Services has been reviewed by the Florida Office of Financial Regulation and no further disclosure is required beyond what has been reported on Paul F. McCarthy's U-4.



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:	Individual
Employing firm when activities occurred which led to the complaint:	MCCARTHY INVESTMENT AND INSURANCE SERVICES, INC.
Allegations:	ALLEGATIONS OF MISREPRESENTATION, TWISTING, AND FRAUDULENT OR DISHONEST PRACTICES IN CONDUCT OF BUSINESS. MR. MCCARTHY MISREPRESENTED THE 15 YEAR, 20% SURRENDER CHARGE THAT [CUSTOMER] WOULD PAY WHEN HE RECOMMENDED [CUSTOMER] EXCHANGE HER ANNUITY FOR ANOTHER ANNUITY CONTRACT.
Product Type:	Annuity-Fixed
Alleged Damages:	\$10,278.37
Is this an oral complaint?	No
Is this a written complaint?	Yes
Is this an arbitration/CFTC reparation or civil litigation?	No

Customer Complaint Information

Date Complaint Received:	11/17/2008
Complaint Pending?	No
Status:	Settled
Status Date:	04/02/2009
Settlement Amount:	\$0.00
Individual Contribution Amount:	\$0.00

Broker Statement	I SOLD [CUSTOMER] AN ANNUITY FROM AMERICAN LIFE AND CASUALTY INSURANCE COMPANY, A SUBSIDIARY OF CONSECO ANNUITY ASSURANCE COMPANY, WHICH WAS A SUBSIDIARY OF CONSECO, INC., A HOLDING COMPANY. IN OR AROUND OCTOBER OF 2000, CONSECO WAS EXPERIENCING FINANCIAL DIFFICULTIES THAT WERE WIDELY PUBLICIZED. I INFORMED [CUSTOMER] OF CONSECO'S FINANCIAL DIFFICULTY AND THE POTENTIAL RAMIFICATIONS THIS COULD HAVE ON HER POLICY. I DID NOT COERCE HER INTO ANY DECISION. AFTER HER THOROUGH INVESTIGATION OF THE MATTER AND MY EXPLANATION TO HER THE SURRENDER CHARGES SHE WOULD INCUR IF I EXCHANGED HER POLICY FOR ANOTHER, SHE MADE THE CHOICE TO MOVE. [CUSTOMER] SIGNED ALL DOCUMENTS INCLUDING THE EXCHANGE DOCUMENT SHOWING THAT SHE WOULD PAY \$10,000 IN SURRENDER FEES. THERE WAS NO MISREPRESENTATION OR OMISSION OF MATERIAL FACTS TO [CUSTOMER] REGARDING THIS ANNUITY EXCHANGE. TO AVOID LITIGATION OF THIS MATTER, I SETTLED THIS COMPLAINT DIRECTLY WITH [CUSTOMER]
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WITHOUT ANY ADMISSION OF GUILT OR WRONGDOING FOR \$10,278.37. THIS MATTER WAS ALSO INVESTIGATED BY THE STATE OF FLORIDA AND I ENTERED A STIPULATION AND CONSENT AGREEMENT AND PLACED ON PROBATION FOR ELEVEN (11) MONTHS AND HAD TO COMPLETE 12 HOURS OF CONTINUING EDUCATION ON ETHICS AND SUITABILITY. AGAIN, THERE WAS NO ADMISSION OF WRONG DOING.



Termination

This disclosure event involves a situation where the Investment Adviser Representative voluntarily resigned, was discharged or was permitted to resign after allegations were made that accused the Investment Adviser Representative of violating investment-related statutes, regulations, rules or industry standards of conduct; fraud or the wrongful taking of property; or failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct.

Disclosure 1 of 3

Reporting Source: Firm

Firm Name: UNITED PLANNERS FINANCIAL SERVICES OF AMERICA

Termination Type: Discharged

Termination Date: 09/04/2008

Allegations: IT WAS DISCOVERED THAT MR MCCARTHY DISSEMINATED SECURITIES RELATED COMMUNICATION WITH THE PUBLIC PRIOR TO BEING STATE SECURITIES LICENSED IN HIS RESIDENT STATE (FL). MATERIAL WAS NOT SUBMITTED OR APPROVED. THIS WAS A VIOLATION OF FIRM POLICY.

Product Type: Annuity(ies) - Variable

Other Product Types:

Firm Statement UNITED PLANNERS REVIEWED THE MERITS OF PAUL MCCARTHY III DURING THE AFFILIATION PROCESS. MR. MCCARTHY INDICATED THAT HE WAS CHANGING HIS FOCUS FROM FIXED INSURANCE TO SECURITIES AND WAS ABLE TO EXPLAIN PRIOR DISCLOSABLE EVENTS. ON SEPTEMBER 3, 2008 WE BECAME AWARE THAT MR. MCCARTHY WAS ASSOCIATED WITH A COMMUNICATION WITH THE PUBLIC THAT SOLICITED RETIREE TO A LUNCH SEMINAR. THE MATERIAL MENTIONED ITEMS THAT REQUIRED B/D DISCLOSURE AND FINRA FILING. MR. MCCARTHY DID NOT SUBMIT OR OBTAIN PRIOR APPROVAL AS REQUIRED. MR. MCCARTHY WAS PROHIBITED TO COMMUNICATE WITH THE PUBLIC REGARDING SECURITIES PRODUCTS DUE TO HIS PENDING STATUS IN FLORIDA. MR. MCCARTHY NOTED THAT THE SEMINAR WAS CO-PRESENTED WITH HIS FATHER WHO IS SECURITIES LICENSED; HOWEVER THE INVITATION DOES NOT INDICATE THIS.

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Reporting Source: Individual

Firm Name: UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA

Termination Type: Discharged

Termination Date: 09/03/2008

Allegations: WHILE PENDING APPROVAL IN HIS RESIDENT STATE (FL), PAUL MCCARTHY III DISSEMINATED SEMINAR MATERIAL THAT REQUIRED B/D DISCLOSURE AND FINRA FILING. MR. MCCARTHY DID NOT SUBMIT OR OBTAIN PRIOR APPROVAL AS REQUIRED. ADDITIONALLY, DUE TO HIS PENDING STATUS IN FLORIDA, MR. MCCARTHY WAS NOT ABLE TO COMMUNICATE WITH THE PUBLIC REGARDING SECURITIES PRODUCTS.

Product Type: Annuity-Variable

Broker Statement I HAD GIVEN UNITED PLANNER THE INDEX ANNUITY SEMINAR PRIOR TO COMPLETING MY INITIAL BROKER APPLICATION, WHICH THEY APPROVED MY USE OF. THEY SAID THEY DID NOT SEE A CONFLICT AS THE SEMINAR DID NOT MENTION ANY SECURITIES OR VARIABLE ASSETS. HOWEVER, AS PART OF THE UNITED PLANNERS ARRANGEMENT, I WAS TOLD I HAD TO



SUBMIT SOME FIXED INSURANCE BUSINESS THROUGH THEM. I TOLD THEM I HAD ARRANGEMENTS WITH MOST INSURANCE COMPANIES. BUT I WOULD BE WILLING TO APPOINT WITH THEM WITH ANY CARRIER I DID NOT ALREADY HAVE. I WAS GIVEN CERTAIN QUOTAS I HAD TO MEET FOR THE INSURANCE. I HAD NOT EVEN FINISHED MY FULL LICENSING PROCESS BEFORE THEY RELEASED ME FROM UNITED PLANNERS.

Disclosure 2 of 3

Reporting Source: Firm
Firm Name: EMPIRE FINANCIAL GROUP INC
Termination Type: Discharged
Termination Date: 04/13/2006
Allegations: POSSIBLE USE OF SEMINARS/ADVERTISING WITHOUT FIRM APPROVAL. FAILURE TO RESPOND TO 3 COMPLIANCE DEPT REQUESTS TO RESPOND TO NASD REQUEST FOR MORE INFORMATION CONCERNING USE OF SEMINARS/ADVERTISING.
Product Type: No Product
Other Product Types:

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Reporting Source: Individual
Firm Name: EMPIRE FINANCIAL GROUP, INC.
Termination Type: Discharged
Termination Date: 04/13/2006
Allegations: POSSIBLE USE OF SEMINARS/ADVERTISING WITHOUT FIRM APPROVAL. FAILURE TO RESPOND TO 3 COMPLIANCE DEPT REQUESTS TO RESPOND TO NASD REQUEST FOR MORE INFORMATION CONCERNING USE OF SEMINARS/ADVERTISING.
Product Type: No Product
Other Product Types:

Broker Statement

I WAS LICENSED WITH EMPIRE FINANCIAL GROUP FROM 2002 THROUGH 2006. I WAS STILL WRITING A SIGNIFICANT AMOUNT OF BUSINESS IN FIXED INDEXED ANNUITIES WHEN I JOINED EMPIRE. TO SATISFY ANY COMPLIANCE ISSUES, I INVITED MY SUPERVISOR (OSJ) , SCOTT KEMPS, TO ATTEND MY SEMINAR AND SEE FIRST HAND HOW AND WHAT I WAS PROMOTING. IN ADDITION, SCOTT RECEIVED COPIES OF THE SEMINAR PRESENTATION. HE CONCLUDED THAT THE SEMINAR WAS IN COMPLIANCE AND DID NOT VIOLATE NASD RULES. IN FEBRUARY 2005, EMPIRE RECEIVED AN INQUIRY FROM THE NASD ABOUT MY SEMINAR AS WELL AS OUR WEBSITE THAT PROMOTED OUR SEMINAR. I COMPLIED WITH ALL REQUESTS FOR INFORMATION FROM EMPIRE. ON JULY 6, 2005, EMPIRE'S COMPLIANCE DEPARTMENT SENT A LETTER TO THE NASD STATING THAT NO RULE VIOLATIONS OCCURRED. EMPIRE CONTINUED, HOWEVER, TO WITHHOLD IT'S APPROVAL OF THE SEMINAR AND WEBSITE. CONCURRENTLY, BEGINNING IN APRIL 2005, MY SUPERVISOR BEGAN EXPRESSING CONCERNS THAT MY SECURITIES PRODUCTION WAS TOO LOW. IN AUGUST 2005, I RECEIVED A "PENDING TERMINATION LETTER" DUE TO LOW PRODUCTION. AT THE SAME TIME, EMPIRE INDICATED THAT THE LOW PRODUCTION ON THE SECURITIES SIDE WOULD BE WAIVED IF I



WOULD WRITE MY FIXED BUSINESS THROUGH NORTHSTAR BROKERAGE, EMPIRE'S NEW FIXED INSURANCE WHOLESALER. WHILE I WAS WILLING TO PROCESS SOME BUSINESS THROUGH NORTHSTAR, PLACING THE BULK OF MY BUSINESS THROUGH THEM WOULD HAVE SERIOUSLY IMPACTED MY LIVELIHOOD AS EMPIRE WAS TAKING A LARGE PORTION OF THE COMMISSIONS. NEEDLESS TO SAY, I DID NOT PROCESS ENOUGH BUSINESS THROUGH NORTHSTAR TO SATISFY EMPIRE AND WAS TERMINATED IN APRIL 2006 BECAUSE OF LOW PRODUCTION. UNFORTUNATELY, THE REASON EMPIRE CHOSE TO LIST FOR TERMINATION IS THE FAILURE TO RESPOND TO REQUESTS FROM THE NASD REGARDING MY SEMINAR. ON APRIL 6, 2006 I RECEIVED A LETTER DIRECTLY FROM THE NASD ASKING FOR INFORMATION; THE INFORMATION PACKET WAS SENT TO THEM ON APRIL 12, 2006. THERE HAS BEEN NO FURTHER CORRESPONDENCE.

Disclosure 3 of 3**Reporting Source:**

Individual

Firm Name:

SUMMIT BROKERAGE SERVICES, INC.

Termination Type:

Discharged

Termination Date:

08/21/2002

Allegations:

SUMMIT ALLEGED MCCARTHY FAILED TO DISCLOSE 2 CUSTOMER COMPLAINTS OR PROVIDE INFO, FAILED TO RECEIVE APPROVAL FOR OUTSIDE BUSINESS ACTIVITIES, ALTERED A COMMISSION ASSIGNMENT FORM, AND POSSESSES SEMINAR MATERIALS THAT BELONG TO SUMMIT.

Product Type:

No Product

Other Product Types:**Broker Statement**

AT THE TIME I BEGAN MY REGISTRATION WITH SUMMIT, I WAS NOT AWARE OF ANY AMENDED U-5 COMPLAINTS. ROYAL ALLIANCE HAD NOT SENT ME A COPY OF THE U-5 AND IN THE MEANTIME I REGISTERED WITH ANOTHER B/D. WHEN I DID RECEIVE THE U-5, I RESPONDED IMMEDIATELY AND SUBSEQUENTLY WITHDREW MY APP WITH SUMMIT, MAKING SUPPLYING THEM DOCUMENTS UNNECESSARY. I FULLY DISCLOSED MY OUTSIDE ACTIVITIES TO SUMMIT AND DID NOT ALTER ANY DOCUMENTS. SUMMIT DOES NOT OWN MY SEMINAR MATERIALS, NOR DID SUMMIT HAVE ANYTHING TO DO WITH THEIR CREATION. I FEEL THIS WHOLE MATTER IS A VERY UNFAIR CHARACTERIZATION BROUGHT AGAINST ME BY SUMMIT OBVIOUSLY AS A RESULT OF MY DECIDING NOT TO LICENSE/AFFILIATE WITH SUMMIT.



End of Report

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