



IAPD Report

JOHN PAUL SCHWAN

CRD# 1421895

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

Please contact FINRA with any concerns.



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

JOHN PAUL SCHWAN (CRD# 1421895)

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 **07/26/2023**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	SCHWAN FINANCIAL ADVISORS, LLC	CRD# 127313	05/26/2004

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **11** 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	KOVACK SECURITIES INC.	44848	ABERDEEN, SD	07/15/2010 - 08/18/2022
B	CAMBRIDGE INVESTMENT RESEARCH, INC.	39543	ABERDEEN, SD	09/20/2005 - 08/06/2010
B	CAP PRO BROKERAGE SERVICES, INC.	103953	COLUMBUS, OH	03/16/2001 - 09/20/2005

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	4
Termination	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 **11** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **SCHWAN FINANCIAL ADVISORS, LLC**
Main Address: 401 VIVIAN STREET S.
ABERDEEN, SD 57401
Firm ID#: 127313

	Regulator	Registration	Status	Date
IA	Alaska	Investment Adviser Representative	Approved	08/11/2023
IA	Arizona	Investment Adviser Representative	Approved	02/03/2023
IA	Florida	Investment Adviser Representative	Approved	12/09/2022
IA	Iowa	Investment Adviser Representative	Approved	07/22/2004
IA	Louisiana	Investment Adviser Representative	Approved	08/10/2020
IA	Michigan	Investment Adviser Representative	Approved	07/31/2023
IA	Minnesota	Investment Adviser Representative	Approved	07/27/2023
IA	Mississippi	Investment Adviser Representative	Approved	03/22/2022
IA	North Dakota	Investment Adviser Representative	Approved	08/09/2004
IA	South Dakota	Investment Adviser Representative	Approved	05/26/2004
IA	Texas	Investment Adviser Representative	Restricted Approval	08/07/2020

Branch Office Locations

SCHWAN FINANCIAL ADVISORS, LLC
401 VIVIAN STREET S.
ABERDEEN, SD 57401



Qualifications



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, 2 general industry/product exams, and 2 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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 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 Investment Company Products/Variable Contracts Representative Examination (S6)	Series 6	03/25/1986

State Securities Law Exams

Exam	Category	Date
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 Uniform Investment Adviser Law Examination (S65)	Series 65	07/10/2002
 Uniform Securities Agent State Law Examination (S63)	Series 63	07/20/1992

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	07/15/2010 - 08/18/2022	KOVACK SECURITIES INC.	CRD# 44848	ABERDEEN, SD
B	09/20/2005 - 08/06/2010	CAMBRIDGE INVESTMENT RESEARCH, INC.	CRD# 39543	ABERDEEN, SD
B	03/16/2001 - 09/20/2005	CAP PRO BROKERAGE SERVICES, INC.	CRD# 103953	COLUMBUS, OH
IA	09/09/2002 - 05/25/2004	LEGACY BUILDERS ADVISORS, LLC	CRD# 113564	ABERDEEN, SD
B	07/06/1995 - 03/19/2001	FFP SECURITIES, INC.	CRD# 16337	CHESTERFIELD, MO
B	03/26/1986 - 07/06/1995	NYLIFE SECURITIES INC.	CRD# 5167	NEW YORK, NY

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
07/2010 - Present	KOVACK SECURITIES, INC.	INVESTMENT REPRESENTATIVE	Y	FORT LAUDERDALE, FL, United States
05/2004 - Present	SCHWAN FINANCIAL ADVISORS, LLC	IA REP	Y	ABERDEEN, SC, United States
12/2003 - Present	SCHWAN FINANCIAL GROUP	PRESIDENT	Y	ABERDEEN, SD, United States
08/1984 - Present	N.Y. LIFE INS. CO.	FIELD UNDERWRITER	N	SIOUX FALLS, SD, 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.

1)SCHWAN FINANCIAL GROUP, LLC - DBA - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, PRESIDENT/52% OWNER, 95% OF TIME SPENT, ESTATE AND FINANCIAL PLANNING, INVESTMENT ADVISORY, OVERALL MANAGEMENT, INSURANCE, AND PLANNING DESIGN, COMPENSATED BY SALARY AND PROFITS; ENTITIES OF SCHWAN FINANCIAL GROUP LLC: SCHWAN FINANCIAL ADVISORS, LLC - RIA, ESTATE AND FINANCIAL PLANNING FEES, PRESIDENT, COMPENSATED THROUGH SCHWAN FINANCIAL GROUP; SCHWAN FINANCIAL AGENCY, LLC - FIXED INSURANCE



Registration & Employment History



OTHER BUSINESS ACTIVITIES

- AGENCY, PRESIDENT, COMPENSATED THROUGH SCHWAN FINANCIAL GROUP.
- 2) SCHWAN FINANCIAL REAL ESTATE - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, MEMBER AND 52% OWNER, REAL ESTATE, OFFICE BUILDING USED FOR BUSINESS, COLLECT RENT, 2HRS SPENT PER YEAR, COMPENSATED BY RENT REVENUE.
- 3) FARMERS STATE BANK - BOARD MEMBER, 2HRS SPENT PER MONTH, COMPENSATED BY FLAT BOARD MEMBER FEE.
- 4) SCHWAN FAMILY LP - 1320 NORTH ARCH STREET, ABERDEEN, SD 57401, OWNS FARMLAND, COLLECT RENT, LESS THAN 1% OF TIME SPENT, COMPENSATED BY RENTAL INCOME.
- 5) DIE KINDER, LLC - 24 5TH AVENUE, SE, ABERDEEN, SD 57401, OWNS REAL ESTATE - APARTMENTS, MEMBER, 0% TIME SPENT, \$0 COMPENSATION RECEIVED.
- 6) ARE, INC. - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401, FIXED INSURANCE AND LTC COMMISSIONS TRAILS, PRESIDENT, LESS THAN 1% OF TIME SPENT, COMPENSATED BY COMMISSIONS.
- 7) SD AVIATION, LLC - 401 VIVIAN STREET SOUTH, ABERDEEN 57401, OWNER, OWNS AND OPERATES AIRCRAFT, 0% OF TIME SPENT, \$0 COMPENSATION.
- 8) THE WAKESIDE BAR AND GRILL - FOOD AND SERVICE BAR, MEMBER, INVESTOR, NOTE HOLDER, 1% OF TIME SPENT, COMPENSATION THROUGH FUTURE PURCHASE OF BUSINESS.
- 9) JONATHAN HIND FINANCIAL GROUP, INC. - 4760 WHITE BEAR PARKWAY, SUITE 100, ST. PAUL, MN 55110, FIXED INSURANCE BROKERAGE, INDEPENDENT AGENT, LESS THAN 1% OF TIME SPENT.
- 10) FUTURETRON, LLC - 12702 406TH AVENUE, GROTON, SD 57445, BOARD MEMBER/ADVISOR, AGRICULTURE RELATED BUSINESS, START UP BUSINESS, 2% OF TIME SPENT.
- 11) DYNAMIC FOOD INGREDIENTS CORP. - 15 BROADWAY NORTH, SUITE 500M FORGO, ND 58102; USES GREEN TECHNOLOGY TO DISCOVER AND DEVELOP SWEETENERS FOR THE FOOD AND BEVERAGE INDUSTRY; NON INVESTMENT RELATED; BOARD MEMBER; SERVE ON THE BOARD; 1% OF TIME SPENT
- 12) DART-THE DOWNTOWN ABERDEEN REVITALIZATION TEAM - 103 S MAIN STREET, ABERDEEN, SD 57401; REVITALIZE DOWNTOWN; SHAREHOLDER/INVESTOR; NO DUTIES; 0% OF TIME SPENT
- 13) SFG ACCOUNTING, PLLC - 401 VIVIAN STREET SOUTH, ABERDEEN, SD 57401; TAX PREPARATION AND ACCOUNTING; NON-INVESTMENT RELATED; NO POSITION; NO DUTIES ON TAX SIDE ; 0% OF TIME SPENT
- 14) ACME, LLC STANDARD ETHANOL NEBRASKA - 1900 EAST STATE SARM ROAD PO BOX 1655, NORTH PLATTE, NE 69103; MANUFACTURES ETHANOL; INVESTMENT-RELATED; PASSIVE INVESTOR; NO DUTIES; LESS THAN 1% OF TIME SPENT
- 15) OBELE OIL CORP - 1485 WEST STATE ROUTE 89-A, SUITE 5; SEDONA, AZ 86336; CRUDE OIL AND NATURAL GAS INDUSTRY; PASSIVE INVESTOR; NO DUTIES; LESS THAN 1% OF TIME SPENT
- 16) MILLER ATHLETIC GOODS CO. INC - 3315 #58 6TH AVE SE ABERDEEN, SD 57401; SHOW BUSINESS; OWNER; NON-INVESTMENT RELATED; 2% OF TIME SPENT
- 17) ARTHUR VENTURES OPPORTUNITY FUND - 102 BROADWAY, SUITE 203, FARGO, ND 58102 - VENTURE CAPITAL; INVESTMENT RELATED; PASSIVE INVESTOR; 0% OF TIME SPENT
- 18) NYLARC HOLDING COMPANY, INC. - 51 MADISON AVENUE, NEW YORK, NY 10010; REINSURING LIFE INSURANCE WRITTEN WITH NEW YORK LIFE; OFFICER & DIRECTOR, ON BOARD WHICH MANAGES COMPANY; NON INVESTMENT RELATED; LESS THAN 1% OF TIME SPENT
- 19) WIDESPREAD WIRELESS LLC - 4450 OLD CANTON ROAD, SUITE 207, JACKSON, MS 39211; PASSIVE INVESTMENT; SG AIRSPACE; LIMITED PARTNER; INVESTMENT RELATED BUSINESS; PASSIVE INVESTOR; LESS THAN 1% OF TIME SPENT
- 20) LINN GROVE DAKOTA 5, LP - 1201 MARQUETTE AVENUE, SUITE 350, MINNEAPOLIS, MN 55403; INVESTMENT RELATED; PRIVATE SECURITIES INVESTMENT; PASSIVE INVESTOR; LESS THAN 1% OF TIME SPENT.



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	4
Termination	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 4

Reporting Source:	Individual
Regulatory Action Initiated By:	California Department of Insurance
Sanction(s) Sought:	Suspension
Date Initiated:	10/03/2016
Docket/Case Number:	PLBS 10484-A
Employing firm when activity occurred which led to the regulatory action:	Cambridge Investment Research, LLC
Product Type:	No Product
Allegations:	Participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from his prior Firm, and engaged in outside business activities for compensation without providing prompt written notice to his prior Firm.
Current Status:	Final
Resolution:	Order
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:	10/03/2016



Sanctions Ordered:	Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	California Insurance licensing rights
Duration:	4 weeks
Start Date:	10/31/2016
End Date:	11/27/2016
Broker Statement	Without admitting or denying any of FINRA's findings, I entered into a letter of Acceptance, Waiver and Consent on November 25, 2015 relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing. I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.
Disclosure 2 of 4	
Reporting Source:	Individual
Regulatory Action Initiated By:	South Dakota Division of Securities
Sanction(s) Sought:	Other: fine
Date Initiated:	03/24/2016
Docket/Case Number:	none
Employing firm when activity occurred which led to the regulatory action:	Cambridge Investment Research, Inc.
Product Type:	Oil & Gas Promissory Note
Allegations:	Participation in private securities transactions, not for compensation. Undisclosed outside business activities.
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:	04/27/2016
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s)
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$4,000.00



Portion Levied against individual: \$4,000.00

Payment Plan: n/a

Is Payment Plan Current:

Date Paid by individual: 04/22/2016

Was any portion of penalty waived? No

Amount Waived:

Broker Statement

Without admitting or denying any of the findings of FINRA or the South Dakota Division of Securities, I entered into a Consent Order relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing.

I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.

Disclosure 3 of 4

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought:

Date Initiated: 02/17/2016

Docket/Case Number: 2010023826303

Employing firm when activity occurred which led to the regulatory action: Cambridge Investment Research, Inc.

Product Type: No Product

Allegations: Without admitting or denying the findings, Schwan consented to the sanctions and to the entry of findings that he participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from his member firm. The findings stated that though Schwan did not receive compensation from a limited partnership formed for the purpose of generating oil and gas investments, he requested that a fellow firm representative introduce two firm customers, a married couple, to the limited partnership and facilitate their investment in the limited partnership to the extent that the customers believed their investment was made through Schwan's company, doing business as the firm, of which the customers understood to be a firm branch office. The investment was made directly with the limited partnership and did not appear on the customers' statement. However, the emails to the customers regarding the limited partnership stated the securities were offered through the firm. Schwan introduced other individuals, one of them being a firm customer, to another limited partnership and facilitated their investment by providing subscription documents. Schwan did not receive compensation from this limited partnership. Schwan also invested in the offering of notes of an insurance company and instructed the other representative to provide information about the notes to individuals, some of them being firm customers. The findings also stated that Schwan participated in outside business activities for compensation, without seeking the firm's permission or



obtaining the requisite prior approval. Schwan served on the board of directors for a bank and was an owner of a bar and grill.

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:

02/17/2016

Sanctions Ordered:

Civil and Administrative Penalty(ies)/Fine(s)
Suspension
Other: Fine paid in full on February 29, 2015.

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: Any capacity
Duration: two months
Start Date: 03/21/2016
End Date: 05/20/2016

Monetary Sanction 1 of 1

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)
Total Amount: \$20,000.00
Portion Levied against individual: \$20,000.00
Payment Plan:
Is Payment Plan Current: Yes
Date Paid by individual: 02/29/2016
Was any portion of penalty waived? No

Amount Waived:

.....
Reporting Source: Individual
Regulatory Action Initiated By: FINRA
Sanction(s) Sought:
Date Initiated: 02/17/2016
Docket/Case Number: 2010023826303
Employing firm when activity occurred which led to the regulatory action: Cambridge Investment Research, Inc.



Product Type:	No Product
Allegations:	<p>Without admitting or denying the findings, I consented to the sanctions and to the entry of findings that I participated in private securities transactions, not for compensation, without providing prior written notice to, or receiving prior written approval from my member firm. The findings stated that though I did not receive compensation from a limited partnership formed for the purpose of generating oil and gas investments, I requested that a fellow firm representative introduce two firm customers, a married couple, to the limited partnership and facilitate their investment in the limited partnership to the extent that the customers believed their investment was made through my company, doing business as the firm, of which the customers understood to be a firm branch office. The investment was made directly with the limited partnership and did not appear on the customers' statement. However, the emails to the customers regarding the limited partnership stated the securities were offered through the firm. I introduced other individuals, one of them being a firm customer, to another limited partnership and facilitated their investment by providing subscription documents. I did not receive compensation from this limited partnership. I also invested in the offering of notes of an insurance company and instructed the other representative to provide information about the notes to individuals, some of them being firm customers. The findings also stated that I participated in outside business activities for compensation, without seeking the firm's permission or obtaining the requisite prior approval. I served on the board of directors for a bank and was an owner of a bar and grill.</p>
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:	02/17/2016
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Suspension Other: Fine paid in full on February 29, 2015.
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	Any Capacity
Duration:	two months
Start Date:	03/21/2016
End Date:	05/20/2016
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$20,000.00
Portion Levied against individual:	\$20,000.00
Payment Plan:	
Is Payment Plan Current:	Yes



Date Paid by individual:	02/29/2016
Was any portion of penalty waived?	No
Amount Waived:	
Broker Statement	<p>Without admitting or denying any of FINRA's findings, I entered into a letter of Acceptance, Waiver and Consent on November 25, 2015 relating to my activities during the time period that I was associated with Cambridge Investment Research, Inc. I decided to do so based upon the advice of my counsel and, in part, to avoid the time and expense that would be lost in a prolonged regulatory inquiry or hearing.</p> <p>I left Cambridge in 2010 and have been with Kovack Securities since that time. In an abundance of caution, I retained a consultant to review our branch compliance practices, with a focus on outside business activities.</p>
Disclosure 4 of 4	
Reporting Source:	Individual
Regulatory Action Initiated By:	STATE OF SOUTH DAKOTA, INSURANCE DEPARTMENT
Sanction(s) Sought:	Other
Other Sanction(s) Sought:	
Date Initiated:	09/01/1985
Docket/Case Number:	UNKNOWN
Employing firm when activity occurred which led to the regulatory action:	NEW YORK LIFE INSURANCE COMPANY
Product Type:	Insurance
Other Product Type(s):	
Allegations:	FAILURE TO DELIVER ALL REQUIREMENTS ASSOCIATED WITH A LIFE POLICY
Current Status:	Final
Resolution:	Decision
Resolution Date:	01/01/1986
Sanctions Ordered:	Monetary/Fine \$300.00
Other Sanctions Ordered:	
Sanction Details:	I WAS FINED \$300 ON DELIVERY OF REQUIREMENTS. CASE WAS THROWN OUT BY THE JUDGE AND CLASS ACTION AGAINST NEW YORK LIFE.
Broker Statement	THE INDIVIDUAL INVOLVED WAS ATTEMPTING TO SET ME UP THRU TAPE RECORDINGS, ETC. HE HAS A HISTORY OF THIS TYPE OF THING. THE INS DEPT WAS VERY GOOD TO ME & IMPOSED A MINIMUM FINE AGAINST ME ON A SEPARATE CHARGE



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 1

Reporting Source: Firm
Firm Name: CAMBRIDGE INVESTMENT RESEARCH
Termination Type: Discharged
Termination Date: 07/14/2010
Allegations: OUTSIDE BUSINESS ACTIVITIES
Product Type: No Product
Firm Statement DID NOT NOTIFY FIRM OF ALL OUTSIDE BUSINESS ACTIVITIES.

Reporting Source: Individual
Firm Name: CAMBRIDGE INVESTMENT RESEARCH
Termination Type: Discharged
Termination Date: 07/14/2010
Allegations: OUTSIDE BUSINESS ACTIVITIES
Product Type: No Product
Broker Statement DURING MY TENURE WITH CAMBRIDGE, I HAD THE OPPORTUNITY AND IN FACT DID PARTICIPATE IN SEVERAL OUTSIDE BUSINESS ACTIVITY INVESTMENTS, TYPICALLY WITH FAMILY AND CLOSE FRIENDS. THESE INVESTMENTS INCLUDED AN INVESTMENT IN APARTMENT BUILDINGS, A RESTAURANT AND SOME FAST FOOD FRANCHISES. AS A LICENSED FINANCIAL ADVISOR, INDUSTRY RULES REQUIRE THAT I PROVIDE NOTIFICATION TO MY FIRM OF SUCH ACTIVITIES AND I DID SO FOR MOST OF OTHER INVESTMENTS. HOWEVER IN SMALL NUMBER OF INSTANCES I DID NOT PROVIDE NOTICE. AS A RESULT, CAMBRIDGE FOLLOWED INDUSTRY RULES AND WAS REQUIRED TO RELEASE MY REGISTRATION.



End of Report

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