



IAPD Report

MICHAEL ANDREW KERPER

CRD# 1731292

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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

MICHAEL ANDREW KERPER (CRD# 1731292)

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 **09/27/2024**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	FEDERAL PREP	CRD# 282663	06/01/2017

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **3** 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	RNR SECURITIES, L.L.C.	43689	BOHEMIA, NY	07/24/2013 - 11/01/2016
B	ROYAL ALLIANCE ASSOCIATES, INC.	23131	BOHEMIA, NY	08/29/2003 - 07/22/2013
B	PRIME CAPITAL SERVICES, INC.	18334	POUGHKEEPSIE, NY	02/27/2001 - 09/18/2003

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	1
Customer Dispute	2






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

Employment 1 of 1

Firm Name: **FEDERAL PREP**
Main Address: 1650 SYCAMORE AVE.
SUITE 23
BOHEMIA, NY 11716
Firm ID#: 282663

	Regulator	Registration	Status	Date
	New Jersey	Investment Adviser Representative	Approved	07/21/2017
	New York	Investment Adviser Representative	Approved	08/06/2021
	Pennsylvania	Investment Adviser Representative	Approved	06/01/2017

Branch Office Locations

FEDERAL PREP
1650 SYCAMORE AVE.
SUITE 23
BOHEMIA, NY 11716




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 1 principal/supervisory exam, 2 general industry/product exams, and 2 state securities law exams.



Principal/Supervisory Exams

Exam	Category	Date
 Investment Company Products/Variable Contracts Principal Examination (S26)	Series 26	12/26/2013

General Industry/Product Exams

Exam	Category	Date
 Securities Industry Essentials Examination (SIE)	SIE	11/01/2016
 Investment Company Products/Variable Contracts Representative Examination (S6)	Series 6	10/13/1993

State Securities Law Exams

Exam	Category	Date
 Uniform Investment Adviser Law Examination (S65)	Series 65	03/15/2016
 Uniform Securities Agent State Law Examination (S63)	Series 63	10/13/1993

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	07/24/2013 - 11/01/2016	RNR SECURITIES, L.L.C.	CRD# 43689	BOHEMIA, NY
B	08/29/2003 - 07/22/2013	ROYAL ALLIANCE ASSOCIATES, INC.	CRD# 23131	BOHEMIA, NY
B	02/27/2001 - 09/18/2003	PRIME CAPITAL SERVICES, INC.	CRD# 18334	POUGHKEEPSIE, NY
B	11/28/2000 - 03/06/2001	DONAHUE SECURITIES, INC.	CRD# 24330	CINCINNATI, OH
B	10/14/1993 - 12/07/2000	PRIME CAPITAL SERVICES, INC.	CRD# 18334	POUGHKEEPSIE, NY
B	09/09/1987 - 06/06/1988	JOHN HANCOCK DISTRIBUTORS, INC.	CRD# 468	

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
01/2016 - Present	Federal Prep Advisors, Inc.	Chairman/CEO	Y	Bohemia, NY, United States
05/2008 - Present	Federal Prep Inc.	Owner	N	Bohemia, NY, United States
04/2008 - Present	RAINMAKER ALLIANCE LLC.	Owner	N	BOHEMIA, NY, United States
07/2013 - 10/2016	RNR SECURITIES, LLC	REGISTERED REP.	Y	EAST MEADOW, NY, 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.

Michael Andrew Kerper is a licensed insurance agent and is owner of Rainmaker Alliance LLC. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Federal Prep Advisors, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Federal Prep Advisors, Inc. in their



Registration & Employment History



OTHER BUSINESS ACTIVITIES

capacity as a licensed insurance agent.



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	1
Customer Dispute	2

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 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Cease and Desist
Date Initiated:	09/26/2024
Docket/Case Number:	3-22212
Employing firm when activity occurred which led to the regulatory action:	Federal Prep Advisors, Inc.
Product Type:	Other: Unspecified Securities

Allegations: The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Federal Prep Advisors, Inc. and Michael Kerper (collectively "Respondents"). In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement which the Commission has determined to accept. The commission finds that Since at least June 2020, in advising more than 300 clients to roll over assets totaling more than \$80 million from Thrift Savings Plan ("TSP")¹ accounts to advisory Individual Retirement Accounts ("IRAs"), Commission-registered investment adviser Federal Prep Advisors, Inc. ("Federal Prep") and its principal, Michael Kerper ("Kerper") provided information regarding TSP fees, TSP investment options, and IRA money manager fees that was false or that omitted material facts. This included telling clients that TSP fees were .50% when in fact TSP fees were approximately one-tenth that amount and continuing to provide that inaccurate information to clients after the Commission's Division of Examinations ("SEC Exams") notified Kerper of the inaccuracy. Moreover, despite the low costs of the TSP and the significantly



higher costs associated with the advisory IRA recommended by Federal Prep and Kerper-Federal Prep clients pay advisory fees plus third-party money manager and underlying investment fees that often total 1.50% to over 2.00% per year-Federal Prep and Kerper did not adequately consider any total fee comparisons in advising clients to roll assets out of their TSP accounts, nor did Federal Prep or Kerper have an adequate understanding of the total costs associated with the rollover investment strategy that they recommended to clients. Federal Prep and Kerper also failed to adequately consider, and lacked an adequate understanding of, the investment options available within the TSP and how those options compared to the investments that they recommended clients make in a rollover advisory IRA. Kerper is the Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), and an Investment Adviser Representative ("IAR") of Federal Prep. Kerper was also Federal Prep's Chief Compliance Officer ("CCO") until May 21, 2024 when he stepped down from the CCO position and Federal Prep retained a new CCO who had prior experience working in a compliance capacity. Federal Prep failed to, and Kerper took no action to, adopt and implement written policies and procedures intended to ensure that Federal Prep adhered to the fiduciary duty that it owed to clients, including when providing rollover or other investment advice. For example, despite having policies and procedures requiring that they do so, Federal Prep and Kerper did not fill out the investor profile form that was specified in Federal Prep's policies and procedures and that it said it would use to supervise and direct client investments, nor did they prepare a checklist to document whether their rollover advice was in the best interest of their clients. Federal Prep also failed to retain, and had no written policies and procedures regarding, text messages sent or received by IARs to or from clients and prospective clients relating to advice given or proposed to be given, disbursement of funds or securities, or the placing or execution of securities transactions. As a result, and as detailed below, Federal Prep willfully violated Sections 206(2), 206(4), and 204 of the Advisers Act and Rules 206(4)-7 and 204-2 thereunder, and Kerper willfully violated Section 206(2) of the Advisers Act and caused Federal Prep's violations of Sections 206(4) and 204 of the Advisers Act and Rules 206(4)-7 and 204-2 thereunder.

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?	Yes
Resolution Date:	09/26/2024
Sanctions Ordered:	Cease and Desist Censure Civil and Administrative Penalty(ies)/Fine(s) Undertaking Other: Limitation on Activities
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?	Yes



(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?

Yes

(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

No

(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?

No

Monetary Sanction 1 of 1

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)

Total Amount: \$80,000.00



Portion Levied against individual: \$80,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

Kerper willfully violated Section 206(2) of the Advisers Act and caused Federal Prep's violations of Sections 206(4) and 204 of the Advisers Act and Rules 206(4)-7 and 204-2 thereunder. Accordingly, it is hereby ordered that Kerper shall cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 204 of the Advisers Act and Rules 206(4)-7 and 204-2, promulgated thereunder, is censured, shall comply with the undertakings enumerated in the order, and shall pay a civil money penalty of \$80,000. Kerper shall be, and hereby is, subject to the following limitations on his activities: Kerper shall not act in a compliance capacity with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization (NRSRO).



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 2

Reporting Source:	Individual
Employing firm when activities occurred which led to the complaint:	Federal Prep Advisors, Inc.
Allegations:	husband of deceased client alleges Mr. Kerper failed to follow instructions and caused losses in his wife's account as a result. The husband also alleges Mr. Kerper provided sensitive information to the husband's new advisor,
Product Type:	No Product
Alleged Damages:	\$15,000.00
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:	05/11/2020
Complaint Pending?	Yes
Settlement Amount:	
Individual Contribution Amount:	

Broker Statement	We requested the required Letters of Administration from our client's husband when we were notified of her death. We explained to him that we could not act upon his instruction absent these Letters. He did not provide the Letters to us until February 2020 upon which time we promptly followed his instructions. We provided information to his new adviser at his specific request.
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Disclosure 2 of 2

Reporting Source:	Regulator
Employing firm when activities occurred which led to the complaint:	ROYAL ALLIANCE ASSOCIATES, INC.
Allegations:	NEGLIGENCE; NEGLIGENT MISREPRESENTATION; BREACH OF FIDUCIARY DUTY
Product Type:	Insurance
Alleged Damages:	\$360,000.00

Arbitration Information

**Arbitration/Reparation Claim filed with and Docket/Case No.:** [FINRA - CASE #12-02579](#)**Date Notice/Process Served:** 07/16/2012**Arbitration Pending?** No**Disposition:** Award**Disposition Date:** 06/18/2013**Disposition Detail:** KERPER IS FOUND LIABLE FOR BREACH OF FIDUCIARY DUTY AND SHALL PAY TO CLAIMANT COMPENSATORY DAMAGES IN THE AMOUNT OF \$142,000.**Reporting Source:** Individual**Employing firm when activities occurred which led to the complaint:** ROYAL ALLIANCE ASSOCIATES INC**Allegations:** CLAIMANT ALLEGES UNSUITABLE PURCHASE OF AN INSURANCE POLICY.**Product Type:** Insurance**Alleged Damages:** \$360,000.00**Arbitration Information****Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA**Docket/Case #:** [12-02579](#)**Date Notice/Process Served:** 07/25/2012**Arbitration Pending?** No**Disposition:** Award to Customer**Disposition Date:** 06/18/2013**Monetary Compensation Amount:** \$142,000.00**Individual Contribution Amount:** \$0.00**Broker Statement** RESPONDENT DENIES THE ALLEGATIONS IN THE STATEMENT OF CLAIM AND FINDS THE CLAIM TO BE WITHOUT MERIT. FIRM SETTLED ON 5/30/13 FOR \$24,250 PRIOR TO AWARD AGAINST REP.



End of Report

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