



IAPD Report

JON MICHAEL MCGRAW

CRD# 2056654

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Qualifications	2 - 3
Registration and Employment History	4 - 5
Disclosure Information	6

i 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

JON MICHAEL MCGRAW (CRD# 2056654)

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 **01/31/2024**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	BUTTONWOOD FINANCIAL GROUP, LLC	CRD# 151164	06/23/2011

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **2** 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	PURSHE KAPLAN STERLING INVESTMENTS	35747	KANSAS CITY, MO	11/02/2009 - 08/12/2019
IA	LPL FINANCIAL CORPORATION	6413	KANSAS CITY, MO	01/24/2002 - 11/09/2009
B	LPL FINANCIAL CORPORATION	6413	KANSAS CITY, MO	01/15/2002 - 11/09/2009

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

Employment 1 of 1

Firm Name: **BUTTONWOOD FINANCIAL GROUP, LLC**
Main Address: 3013 MAIN STREET
KANSAS CITY, MO 64108-3323
Firm ID#: 151164

	Regulator	Registration	Status	Date
	Missouri	Investment Adviser Representative	Approved	06/23/2011
	Texas	Investment Adviser Representative	Restricted Approval	04/09/2015

Branch Office Locations

BUTTONWOOD FINANCIAL GROUP, LLC
3013 MAIN STREET
KANSAS CITY, MO 64108-3323






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



Principal/Supervisory Exams

Exam	Category	Date
 General Securities Principal Examination (S24)	Series 24	03/12/2002
 General Securities Sales Supervisor Examination (Options Module & General Module) (S8)	Series 8	04/26/1996
 Registered Options Principal Examination (S4)	Series 4	04/22/1996

General Industry/Product Exams

Exam	Category	Date
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 General Securities Representative Examination (S7)	Series 7	07/03/1990

State Securities Law Exams

Exam	Category	Date
 Uniform Investment Adviser Law Examination (S65)	Series 65	12/06/1999
 Uniform Securities Agent State Law Examination (S63)	Series 63	02/22/1996

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	11/02/2009 - 08/12/2019	PURSHE KAPLAN STERLING INVESTMENTS	CRD# 35747	KANSAS CITY, MO
IA	01/24/2002 - 11/09/2009	LPL FINANCIAL CORPORATION	CRD# 6413	KANSAS CITY, MO
B	01/15/2002 - 11/09/2009	LPL FINANCIAL CORPORATION	CRD# 6413	KANSAS CITY, MO
B	11/06/1991 - 01/28/2002	QUICK & REILLY, INC.	CRD# 11217	NEW YORK, NY
B	10/22/1990 - 07/23/1991	JESUP, JOSEPH THAL & CO., INC.	CRD# 3144	
B	07/05/1990 - 10/25/1990	THE STUART-JAMES COMPANY, INCORPORATED	CRD# 11691	DENVER, CO

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
01/2002 - Present	BUTTONWOOD FINANCIAL GROUP	President/CCO	Y	KANSAS CITY, MO, United States
11/2009 - 08/2019	PURSHE KAPLAN STERLING INVESTMENTS	REGISTERED REPRESENTATIVE	Y	ALBANY, 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.

- (1) Buttonwood Foundation; Investment related; 3013 Main St., Kansas City, MO 64108; Managing member and Co-Trustee of Private Family Foundation; Start date 11/09/2004; 3 hrs/mo.
- (2) Buttonwood 3013 LLC; Investment Related; 3013 Main St., Kansas City, Mo 64108; Managing member of rental real estate property; Start date 03/01/2005; 10 hrs/mo.
- (3) Buttonwood Art Space, LLC; Investment Related; 3013 Main St., Kansas City, MO 64108; Managing member of community focused art gallery; Start date 12/01/2005; 10 hrs/mo.
- (4) Buttonwood 3015 LLC; Investment Related; 3013 Main St., Kansas City, Mo 64108; Managing member of rental real estate property; Start date 12/31/2012; <1 hr/mo.
- (5) Buttonwood 3011 LLC; Investment Related; 3013 Main St., Kansas City, Mo 64108; Managing member of rental real estate parking lot property; Start date 04/06/2017; <1 hr/mo.
- (6) 31w31, LLC; Investment Related; 31 W 31st St., Kansas City, MO 64108; Managing member and Partner of commercial office and event space for nonprofit organizations; Start date 02/27/2017; 5 hrs/mo.



Registration & Employment History



OTHER BUSINESS ACTIVITIES

- (7) 3931Main, LLC; Investment Related; 3931 Main St., Kansas City, MO 64111; Managing member of commercial office and event space focused on nonprofit organization; Start date 02/27/2017; 5 hrs/mo.
- (8) Sister City Assn of Kansas City MO. Not Investment Related. 4600 East 63rd St. Kansas City, MO 64130. Board Member of nonprofit organization. Start date 01/01/1998. 2 hrs/mo.
- (9) K and R Enterprises. Investment Related. PO Box 963, Cheyenne, WY 82003. Family controlled company formed in 1919. Advisory Board Member. Start date 12/31/2006. <1 hr/mo.
- (10) Union Hill Special Business District. Not Investment Related. 3013 Main St., Kansas City, MO 64108 Treasurer for Political Subdivision of Kansas City, MO. Mayoral Appointed Position. 11/15/2007. 2 hrs/mo.
- (11) 39th & Main Business District. Not Investment Related. 3013 Main St., Kansas City, MO 64108. Treasurer for local business organization. 09/04/2022 2 hrs/mo.
- (12) Main Street Community Improvement District. Not Investment Related. 3931 Main St., Kansas City, MO 64111. Board Member, Officer of nonprofit organization. Start date 05/01/2006. 4 hrs/mo.
- (13) Kansas City Jazz ALIVE. Not Investment Related. 3013 Main St., Kansas City, MO 64108. Immediate Past President/Board Member, Officer of nonprofit organization. Start date 04/07/2014. 5 hrs/mo.
- (14) UMKC Jazz Friends. Not Investment Related. 5115 Oak Street, AC 300B, Kansas City, MO 64112. Board Member of nonprofit organization. Start date 04/07/2014. 5 hrs/mo.



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
Civil Event	1
Customer Dispute	1

Civil Event

This disclosure event involves an injunction issued by a foreign or domestic court in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute or regulation, or an action dismissed by a domestic or foreign court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
Date Court Action Filed:	09/23/2021
Product Type:	Mutual Fund
Type of Court:	Federal Court
Name of Court:	United States District Court for The Western District of Missouri
Location of Court:	Missouri
Docket/Case #:	4:21-cv-686
Employing firm when activity occurred which led to the action:	Buttonwood Financial Group, LLC
Allegations:	Plaintiff SEC alleges: Defendant Buttonwood Financial Group, LLC and its principal, Jon Michael McGraw from at least 2014, Buttonwood and McGraw repeatedly breached their fiduciary duty to their advisory clients by failing to disclose certain conflicts of interest and selecting investments that were not in their clients' best interest. Nearly all of Respondents' clients were "wrap fee" clients. In violation of their fiduciary duty to their clients, Respondents did not disclose that they had an incentive to select investments for which Buttonwood would not pay any transaction costs, including more expensive mutual fund share classes. In addition, during the relevant period, Buttonwood avoided paying millions of dollars in transaction fees by repeatedly investing clients in more expensive share classes of mutual funds when less expensive share classes of those same mutual funds



were available to clients, thereby also breaching their fiduciary duty to their clients to obtain best execution. Buttonwood's agreement with its third-party broker (the "Broker") provided that Buttonwood would pay a \$25 transaction fee when wrap account clients purchased or sold certain share classes of mutual funds, but did not charge Buttonwood a transaction fee when the adviser selected other share classes of mutual funds with higher internal expenses. This included when a mutual fund had at least two share classes within the same fund: the Broker charged Buttonwood a \$25 transaction fee to purchase the share class with lower internal expenses, but did not charge Buttonwood a transaction fee to purchase the share class of the same mutual fund with higher internal expenses. Buttonwood and McGraw therefore had a financial conflict of interest with their clients—they had an incentive to select investments for clients that would allow Buttonwood to avoid having to pay transaction fees and cause clients to incur higher expenses. Respondents failed to disclose this conflict of interest to their clients. For years, Defendants acted on this conflict of interest by almost always selecting mutual fund investments for clients for which the Broker did not charge Buttonwood a transaction fee. Moreover, when investing clients in mutual funds, Buttonwood and McGraw were almost always selecting the share class with higher expenses even though under the circumstances it was in their advisory clients' best interest, and consistent with their duty to seek best execution, to select a different share class of the exact same fund that was available to clients and had lower expenses. In doing so, Buttonwood repeatedly put its interest in not paying the transaction fees ahead of its clients' interests to earn greater returns. Buttonwood, however, never told clients what it was doing or otherwise disclosed the conflict of interest, and how that conflict provided an incentive for Buttonwood to put its financial interest ahead of its clients' interests. In 2016, Buttonwood and McGraw took further steps to gain a financial advantage for themselves by investing clients in more expensive mutual funds share classes. Upon Defendants' request, Buttonwood's Broker agreed that in exchange for Buttonwood investing no less than 60% of all client assets in share classes of mutual funds for which the Broker did not charge Buttonwood a transaction fee (i.e., generally more expensive mutual funds), the Broker would waive all transaction fees on any other mutual fund or equity stock trades making up the remaining 40% of Buttonwood client assets. Buttonwood, however, still did not disclose to clients its conflict of interest or the "60/40" arrangement until 2020, during the SEC's investigation. By engaging in the forgoing conduct, Buttonwood and McGraw violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940.

Current Status:	Final
Resolution:	Judgment Rendered
Resolution Date:	11/21/2023
Sanctions Ordered or Relief Granted:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Monetary Penalty other than Fines
Capacities 1 of 1	
Capacities Affected:	n/a
Duration:	Permanent
Start Date:	11/21/2023
End Date:	
Monetary Sanction 1 of 3	
Monetary Sanction:	Disgorgement
Total Amount:	\$79,966.98



Portion against individual: 79966.98

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$45,000.00

Portion against individual: 45000

Date Paid:

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Sanction: Prejudgment Interest; Jointly & Severally

Total Amount: \$9,261.00

Portion against individual: 9261

Date Paid:

Portion Waived: No

Amount Waived:

Regulator Statement

On November 21, 2023, a final judgement was entered, by consent, against McGraw wherein he is permanently restrained and enjoined from violating Section 206(2) of the Advisers Act and McGraw is, jointly and severally, liable with Buttonwood for disgorgement of \$79,966.98, representing net profits gained by McGraw as a result of the conduct alleged and prejudgment interest thereon in the amount of \$9,261.60. It was further ordered that McGraw is liable for a civil penalty in the amount of \$45,000.

Reporting Source: Individual

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Relief Sought: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction

Date Court Action Filed: 09/23/2021

Date Notice/Process Served: 09/23/2021

Product Type: Mutual Fund

Type of Court: Federal Court

Name of Court: U.S. District Court for the Western District of Missouri

Location of Court: Kansas City, MO

Docket/Case #: 21-00686-CV-W-BP

Employing firm when activity occurred which led to the action: Buttonwood Financial Group, LLC



Allegations: Allegation that Buttonwood and its President Jon McGraw violated certain provisions of the Investment Advisers Act of 1940 related to adequacy of disclosures to its clients with respect to mutual fund investments and related conflict of interests with respect to transaction costs.

Current Status: Final

Resolution: Settled

Resolution Date: 11/21/2023

Sanctions Ordered or Relief Granted: Civil and Administrative Penalty(ies)/Fine(s)
Disgorgement
Injunction

Capacities 1 of 1

Capacities Affected: Registered Investment Adviser

Duration: Permanently

Start Date: 11/21/2023

End Date:

Monetary Sanction 1 of 3

Monetary Sanction: Disgorgement

Total Amount: \$139,073.00

Portion against individual: 79966.98

Date Paid: 12/19/2023

Portion Waived: No

Amount Waived:

Monetary Sanction 2 of 3

Monetary Sanction: Interest

Total Amount: \$16,107.13

Portion against individual: 9261.60

Date Paid: 12/19/2023

Portion Waived: No

Amount Waived:

Monetary Sanction 3 of 3

Monetary Sanction: Monetary Fine

Total Amount: \$145,000.00

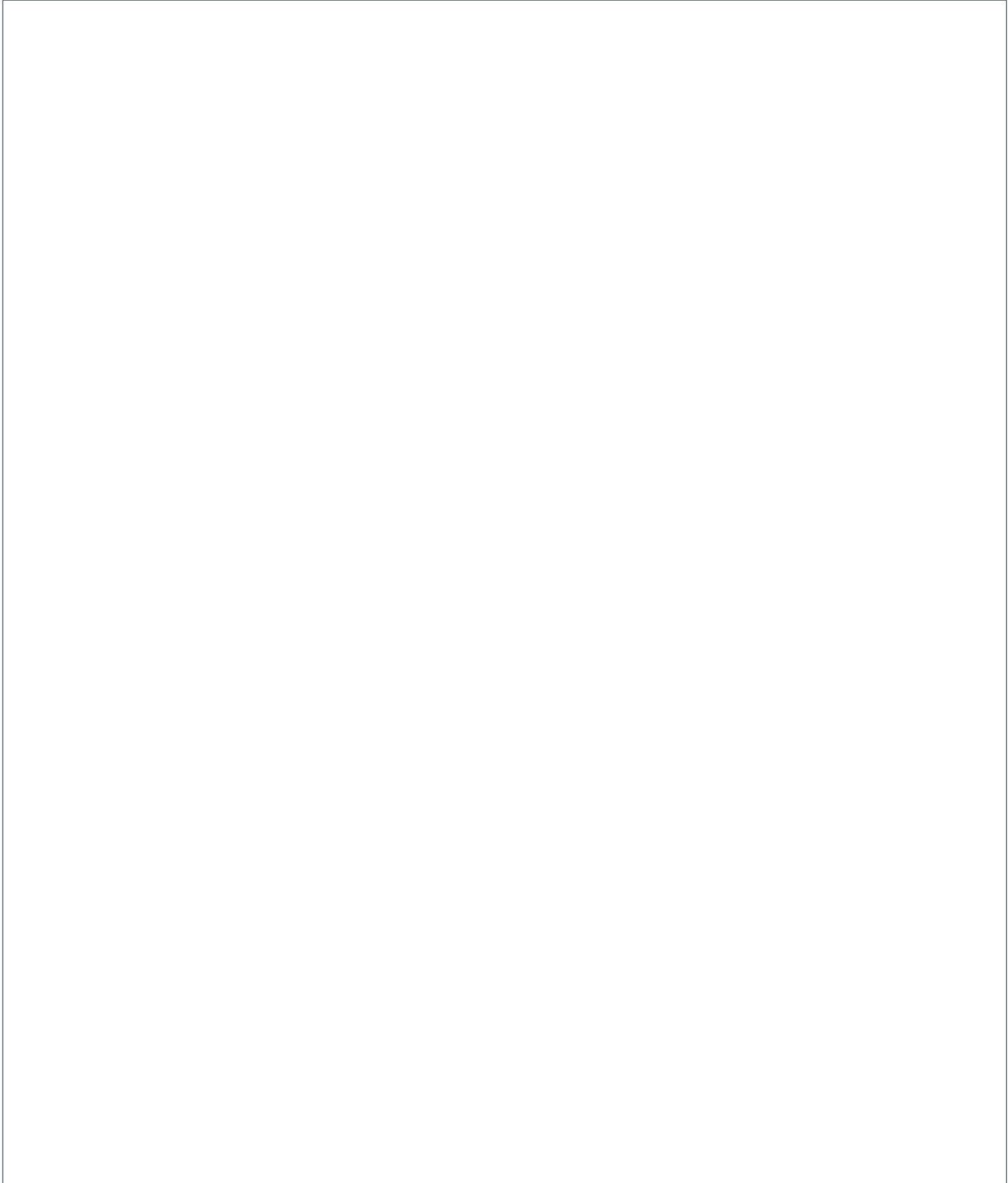
Portion against individual: 45000

Date Paid: 12/19/2023

Portion Waived: No

Amount Waived:

Broker Statement The SEC agreed to and did dismiss with prejudice its original claim that Buttonwood and Mr. McGraw acted with scienter, that is, that they committed knowing or reckless misconduct. Also, the firm and Mr. McGraw reached a settlement with the SEC of the remaining claims without admitting or denying such claims.





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:	BUTTONWOOD FINANCIAL GROUP, LLC
Allegations:	CLIENT ALLEGED THAT INVESTMENT ACCOUNT WAS NOT MANAGED DURING 2011 IN A MANNER CONSISTENT WITH CLIENT DIRECTIVES.
Product Type:	Other: DISCRETIONARY MANAGED ACCOUNT
Alleged Damages:	\$0.00
Alleged Damages Amount Explanation (if amount not exact):	CLIENT HAD REQUESTED REFUND OF ADVISORY FEES OF APPROXIMATELY \$2,965.25 DUE TO A DECREASE IN THE ACCOUNT'S MARKET VALUE.
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:	02/24/2012
Complaint Pending?	No
Status:	Settled
Status Date:	04/19/2012
Settlement Amount:	\$1,801.50
Individual Contribution Amount:	\$1,801.50

Broker Statement	ALTHOUGH CLIENT ALLEGES THAT ACCOUNT WAS NOT MANAGED ACCORDING TO CLIENT INSTRUCTIONS, REGISTRANT CONTENDS THAT THE ACCOUNT WAS MANAGED CONSISTENTLY WITH THE INVESTMENT MANAGEMENT AGREEMENT AND THE INVESTMENT POLICY STATEMENT SIGNED BY THE CLIENT. BUTTONWOOD HAS SETTLED THE MATTER DIRECTLY WITH THE CLIENT.
-------------------------	---



End of Report

This page is intentionally left blank.