



## IAPD Report

# Heath Gary Goldstein

CRD# 2147679

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Qualifications	2 - 3
Registration and Employment History	4 - 8
Disclosure Information	9

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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

### Heath Gary Goldstein (CRD# 2147679)

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 **05/01/2026**.

### CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
<b>IA</b>	1ST FINANCIAL INVESTMENT, INC.	CRD# 283072	05/17/2016

### QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **5** 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>B</b>	VESTECH SECURITIES, INC.	41409	Clark's Summit, PA	05/06/2025 - 08/06/2025
<b>IA</b>	WESTERN INTERNATIONAL SECURITIES	39262	Clarks Summit, PA	06/13/2016 - 07/06/2023
<b>B</b>	WESTERN INTERNATIONAL SECURITIES, INC.	39262	Clarks Summit, PA	06/13/2016 - 07/06/2023

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
Customer Dispute	17



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

#### Employment 1 of 1

Firm Name: **1ST FINANCIAL INVESTMENT, INC.**  
Main Address: 116 NORTH STATE STREET  
1ST FLOOR  
CLARK'S SUMMIT, PA 18411-1056  
Firm ID#: 283072

Regulator	Registration	Status	Date
IA Colorado	Investment Adviser Representative	Approved	06/10/2022
IA Louisiana	Investment Adviser Representative	Approved	09/07/2021
IA Minnesota	Investment Adviser Representative	Approved	06/14/2018
IA Pennsylvania	Investment Adviser Representative	Approved	05/17/2016
IA Texas	Investment Adviser Representative	Restricted Approval	05/18/2022

#### Branch Office Locations

**1ST FINANCIAL INVESTMENT, INC.**  
116 NORTH STATE STREET  
1ST FLOOR  
CLARK'S SUMMIT, PA 18411-1056




## 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, 4 general industry/product exams, and 2 state securities law exams.**




#### Principal/Supervisory Exams

Exam	Category	Date
 General Securities Principal Examination (S24)	Series 24	07/26/2014

#### General Industry/Product Exams

Exam	Category	Date
 Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 General Securities Representative Examination (S7)	Series 7	03/05/2012
 Assistant Representative-Order Processing Qualification Exam (S11)	Series 11	02/18/2003

#### State Securities Law Exams

Exam	Category	Date
  Uniform Combined State Law Examination (S66)	Series 66	03/28/2015
 Uniform Securities Agent State Law Examination (S63)	Series 63	05/21/2005

### 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	05/06/2025 - 08/06/2025	VESTECH SECURITIES, INC.	CRD# 41409	Clark's Summit, PA
IA	06/13/2016 - 07/06/2023	WESTERN INTERNATIONAL SECURITIES	CRD# 39262	Clarks Summit, PA
B	06/13/2016 - 07/06/2023	WESTERN INTERNATIONAL SECURITIES, INC.	CRD# 39262	Clarks Summit, PA
IA	03/30/2015 - 05/18/2016	CALTON & ASSOCIATES, INC.	CRD# 20999	CLARKS SUMMIT, PA
B	03/12/2014 - 05/18/2016	CALTON & ASSOCIATES, INC.	CRD# 20999	CLARKS SUMMIT, PA
B	06/03/2011 - 02/14/2014	KALOS CAPITAL, INC.	CRD# 44337	CLARK'S SUMMIT, PA
B	03/07/2011 - 07/07/2011	WFG INVESTMENTS, INC.	CRD# 22704	CLARKS SUMMIT, PA
B	10/12/2004 - 03/08/2011	BERTHEL, FISHER & COMPANY FINANCIAL SERVICES, INC.	CRD# 13609	CLARK'S SUMMIT, PA
B	02/19/2003 - 09/29/2004	MIDSOUTH CAPITAL, INC.	CRD# 35039	ATLANTA, GA
B	07/09/1996 - 06/17/1997	PFS INVESTMENTS INC.	CRD# 10111	DULUTH, GA
B	08/28/1993 - 09/21/1994	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	CRD# 7691	NEW YORK, NY
B	06/23/1993 - 08/16/1993	PRUDENTIAL SECURITIES INCORPORATED	CRD# 7471	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
08/2021 - Present	Lifetime Income 4 You, Inc.	Consultant	Y	Clark's Summit, PA, United States



## Registration & Employment History

### EMPLOYMENT HISTORY

Employment Dates	Employer Name	Position	Investment Related	Employer Location
10/2019 - Present	Simplicity Group Insurance	Independant Insurance Advisor	Y	Scottsdale, AZ, United States
03/2018 - Present	1st Financial Safeguard, Co.	Indirect Passive Ower, Vice-President, Insurance Agent	Y	Clarks Summit, PA, United States
02/2017 - Present	1st Financial Tax Services, LLC	Indirect Passive Owner, President & Tax Preparer	N	Clarks Summit, PA, United States
01/2017 - Present	Advisor's Choice Insurance Brokerage Services, Inc	Independant Insurance Advisor	Y	Thousand Oaks, CA, United States
01/2017 - Present	NEPA Financial Group	Bookkeeper, Indirect Passive Owner, and Holding Company for business entities of 1st Financial Investments, Inc.; 1st Financial Investment, Inc.; 1st Financial Tax Services, LLC; College Planning Services; Social Security Consulting; and Bariatric Solutions for Life	Y	Clarks Summit, PA, United States
11/2016 - Present	Lackawanna County, Board of Elections	Appointed Judge of Elections	N	Scranton, PA, United States
05/2016 - Present	1st Financial Investment, Inc.	Vice-President & Chief Compliance Officer	Y	Clarks Summit, PA, United States
11/2015 - Present	Bariatric Solutions for Life	Consulant	Y	Clarks Summit, PA, United States
05/2013 - Present	Social Security Consultants	Consultant	Y	Clarks Summit, PA, United States
03/2011 - Present	Scranton-Pocono Amateur Radio Klub	Treasurer	N	Scranton, PA, United States
01/2008 - Present	Dive Rescue Specialists, Inc.	Volunteer Water Rescue Technician	N	Scott Township, PA, United States
01/2008 - Present	Scott Township Hose Company	Volunteer Emergency Medical Technician	N	Scott Township, PA, United States
01/2006 - Present	Justus Volunteer Fire Company	Volunteer Emergency Medical Technician	N	Scott Township, PA, United States
06/2005 - Present	College Planning Service, Inc.	Consulant	Y	Clarks Summit, PA, United States



## Registration & Employment History

### EMPLOYMENT HISTORY

Employment Dates	Employer Name	Position	Investment Related	Employer Location
10/2004 - Present	1st Financial Investments, Inc.	Vice-President	Y	Clarks Summit, PA, United States
04/2001 - Present	Chinchilla Hose Company of South Abington Township	Recording Secretary, EMS Lieutenant, HIPAA Compliance Officer, Infection Control Officer, EMS Administrative Assistant and Volunteer Firefighter & Emergency Medical Technician	N	Chinchilla / South Abington Township, PA, United States
11/1994 - Present	Goldy's Travel Agency	Travel Agent & President	N	South Abington Township, PA, United States
04/1990 - Present	Clarks Summit Fire Company No. 1, Inc.	Statical Secretary, Volunteer Firefighter & Emergency Medical Technician	N	Clarks Summit, PA, United States
05/2021 - 04/2026	City of Scranton	Part-Time Lifeguard	N	Scranton, PA, United States
01/2011 - 03/2026	Wyoming Valley Pilot's Club	Treasurer & Board Member	N	Forty Fort, PA, United States
05/2025 - 08/2025	Vestech Securities, Inc	Independant Registered Representative & Registered Principal	Y	Clark's Summit, PA, United States
02/1996 - 09/2023	E-Z Mail Plus	Owner	N	South Abington Township, PA, United States
06/2016 - 06/2023	Western International Securities, Inc.	Registered Representative, Registered Principal, and OSJ Manager	Y	Clark's Summit, PA, United States
06/2018 - 12/2020	ECA Marketing, Inc.	Independant Insurance Advisor	Y	Eden Prairie, MN, United States
07/2020 - 11/2020	United States of America	Census 2020 Enumerator	N	Allentown, PA, United States
06/2019 - 11/2019	City of Scranton	Part-Time Seasonal Lifeguard	N	Scranton, PA, United States
11/2014 - 10/2019	Revolution FMO	Independant Insurance Advisor	Y	Hendrickson, NV, United States



## Registration & Employment History

### EMPLOYMENT HISTORY

Employment Dates	Employer Name	Position	Investment Related	Employer Location
12/2016 - 05/2019	Wal*Mart Stores	Cashier & Customer Service	N	Scranton / Dickson City, PA, United States
09/2018 - 10/2018	Dracula's Forest	Seasonal Haunted Hayride Attraction Actor	N	Ransom Township, PA, United States
06/2018 - 09/2018	City of Scranton	Seasonal Lifeguard	N	Scranton, PA, United States
02/2017 - 08/2018	Magellan Financial & Insurance Services, Inc.	Independant Insurance Advisor	Y	Topeka, KS, United States
09/2017 - 10/2017	Dracula's Forest Haunted Attraction	Seasonal Haunted Attraction Actor	N	Ransom Township, PA, United States
06/2017 - 09/2017	City of Scranton	Seasonal Part-Time Lifeguard	N	Scranton, PA, United States
09/2016 - 10/2016	Dracula's Forest Haunted Attraction	Seasonal Haunted Attraction Actor	N	Ransom Township, PA, United States
06/2016 - 09/2016	City of Scranton	Seasonal Lifeguard	N	Scranton, PA, 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.

#### 1st Financial Investments

V-P; DBA for Advisory Business; & Notary. Involvement is during both trading and non-trading hours

#### Goldy's Travel

Business owned by 1st Financial Investments, as a part-time Travel Agency. 1-2 hours a month after trading hours.

#### Chinchilla Hose Co

Recording Secretary, EMS Lt, HIPAA Compliance Officer, Infection Control Officer, EMS Admin Ass't and Volunteer Fireman & EMT. Amount of hours can vary and depends on types of emergencies. Involvement is mostly during normal non-trades hours, unless there is a major disaster incident occurring.

#### Scranton-Pocono Amateur Radio Klub

Treasurer of Amateur (HAM) Radio Club. 1-2 hours per month during normal non-trading hours

#### Simplicity Group and Advisors Choice Insurance Brokerage Services

Affiliated as an Independent Insurance Agent under their master general agency, IMO, FMO for Fixed Insurance Business. These entities are considered the upline for any contracting with insurance companies. Involvement for both can take place both during trading and non-trading hours

#### Scott Twp Hose Co., & Justus Fire Co.



## Registration & Employment History



### OTHER BUSINESS ACTIVITIES

Volunteer Fireman and Emergency Medical Technician. Amount of hours can vary and depends on the type of emergencies. Involvement is mostly during non-trading hours, unless there is a major disaster incident occurring.

Clark's Summit Fire Company #1, Inc.

Statistical Secretary, Volunteer Fireman and Emergency Medical Technician. Officers Position duties are during non-trading hours. Volunteer positions are mostly during non-trading hours, unless there is a major disaster incident occurring.

Dive Rescue Specialists

Volunteer Water Rescue Technician. Amount of hours can vary, depending on the type of emergency. Involvement is mostly during non-trading hours, unless there is a major disaster incident occurring.

Lackawanna County Board of Election

Elected as Judge of Elections for during the Primary and General Elections, 2 days a year (Approx 35 hours per year), unless there is a special election. Involvement is during both Trading and Non-Trading Hours. Position is 4-year term and will need to seek re-election every 4 years.

1st Financial Tax Services

President & Tax Preparer. 40 hours month during tax season. Involvement is usually Not during trading hours, but some hours may be during trading hours.

NE PA Financial Group

Indirect Passive Owner. Holding Company for the 4 various 1st Financial companies.

1st Financial Safeguard

Insurance General Agency for Fixed Insurance and Annuities. Both during not during trading hours

Lifetime Income for You, Bariatric Solutions for Life, Social Security Consulting, and College Planning Services

These are fictitious and doing business as names that are owned by 1st Financial Investments Inc that are merely used for marketing purposes only. Involvement is in conjunction with 1st Financial Investments.



## 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
Customer Dispute	17

### 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 17

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	Western International Securities, Inc.
<b>Allegations:</b>	Recommendation of unsuitable investment in GWG L bonds.
<b>Product Type:</b>	Debt-Corporate
<b>Alleged Damages:</b>	\$25,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No

### Customer Complaint Information

<b>Date Complaint Received:</b>	07/30/2025
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	09/23/2025
<b>Settlement Amount:</b>	\$9,000.00
<b>Individual Contribution Amount:</b>	\$0.00



**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC. and 1st Financial Investments, Inc.

**Allegations:** Unsuitable Recommendation

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$25,000.00

**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:** 07/30/2025

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 09/23/2025

**Settlement Amount:** \$9,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

This written complaint is from a Attorney that the former client retained with regards to his investment in the GWG L Bonds. The written complaint is a threat of an arbitration lawsuit and a demand for damages if the broker / dealer is willing to resolve before any arbitration proceedings. Former client attended a seminar workshop that was sponsored by and paid for by GWG. Client signed all the necessary documents which included his acknowledgment and understanding of the risks involved. Unfortunately GWG took a turn for the worst and the former client is playing the game 'Heads I win, tails you loose' theory and wont accept that he accepted the recommendation and the risks involved. I certainly did not have a crystal ball on what was going to happen to GWG and relayed to all clients information that I was able to obtain from GWG representatives. Since the prior broker / dealer, Western International Securities and its parent company Atria Wealth was sold, and are in the process of wrapping up its business affairs, dissolve, and filed its intent to the SEC and FINRA to withdrawal as a broker / dealer, they are in the process and working with the former client's lawyer to negotiate a settlement to avoid a arbitration lawsuit. 1st Financial Investments Inc. is the DBA named that is used for my business. Former client's complaint was only against the broker / dealer and not my DBA. My DBA also was not listed anywhere in the merits of the complaint.

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In order to avoid the former client of the possible filing a civil lawsuit and/or arbitration lawsuit, in addition to avoid further litigation, the former broker / dealer, Western International Securities decided to settle this matter and made a settlement offer to the former client through his attorney to which the former client accepted. The former client signed a release and dismissed the written complaint with prejudice and agreed not to further proceed any further nor file any civil lawsuit and/or arbitration. Neither I, nor any of my companies were involved in any



part of the settlement offer and/or process and was handled by and between the former broker / dealer, Western International Securities and their parent company through their attorneys and the former client and his attorney. I also was not asked to, nor did I or either of my companies contribute any monies towards the settlement offer and/or payment.

**Disclosure 2 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.

**Allegations:** Customer alleges that an investment recommendation was unsuitable and misleading.

**Product Type:** Debt-Corporate

**Alleged Damages:** \$10,000.00

**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:** 05/20/2025

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 07/09/2025

**Settlement Amount:** \$3,500.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC. & 1ST FINANCIAL INVESTMENTS, INC

**Allegations:** Unsuitable Investment Recommendation and misleading

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$9,400.00

**Alleged Damages Amount Explanation (if amount not exact):** Former Client through his attorney written complaint letter stated that total losses was \$10k, however the letter requested a demand of only the above stated amount which represents the Total loss less redemption fee had the former client been able to redeem the investment prior to it becoming frozen.

**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: 05/20/2025

Complaint Pending? No

Status: Settled

Status Date: 07/09/2025

Settlement Amount: \$3,500.00

Individual Contribution Amount: \$0.00

**Broker Statement**

Former Client has retained an attorney which I assume from a lawyer advertisement to this former client. Lawyer wrote a demand letter to the broker / dealer for a demand of loss of his GWG L Bond Investment of what would have been received had to filed for early redemption to GWG. Client signed the necessary subdocuments for GWG along with the broker / dealer's supplemental documents acknowledging the risks involved in this investment including that there was no ready market that they weren't traded. Unfortunately, GWG took a turn for the worst by stop paying its interest and then filed Chapter 11 bankruptcy. I sure did not have any crystal ball on the outcome on the company. Now this client is trying to play the theory head I win tails you loose and not accept the fact that this was a recommendation and accepting the risks involved including the documents that he signed. I believe I was introduced to this former client from a seminar workshop he attended from an insurance agent in my office. I also believe this former client also attended a seminar workshop on GWG sponsored by and presented by the salesman from GWG. As the registered representative, I relied on the sales material presented to me and that was also presented to the client. In addition, also relied on information provided to me from representatives at GWG same information that was also relied to the client. This will be defended to its fullest. The written complaint was only against the broker / dealer, Western International Securities and not against me as registered Rep, or my DBA company, 1st Financial Investments.

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In order to avoid the possibility of or an Arbitration Lawsuit and/or a Civil Lawsuit through the Courts, the broker / dealer through their attorney made an offer to the former client through his attorney to settle the matter, to which the client did accept. The former client executed a settlement release agreement to settle the matter the release the broker / dealer and me as the original registered representative. I did not participate nor was involved in any part of the settlement negotiations. Nor was I asked to pay and / or contribute and nor did I pay and / or contribute any personal funds towards any part of the settlement offer and payment

**Disclosure 3 of 17**

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: WESTERN INTERNATIONAL SECURITIES, INC.

Allegations: Customer alleges that an investment recommendation was unsuitable and



misleading.

**Product Type:** Debt-Corporate

**Alleged Damages:** \$40,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 24-01839

**Filing date of arbitration/CFTC reparation or civil litigation:** 08/26/2024

**Customer Complaint Information**

**Date Complaint Received:** 09/11/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 08/13/2025

**Settlement Amount:** \$37,500.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc & 1st Financial Investments, Inc.

**Allegations:**

- 1.) Investment recommendation in GWG L Bonds was unsuitable and misleading
- 2.) Breach of written contract
- 3.) breach of fiduciary duty to act in best interest
- 4.) failure to supervise
- 5.) misrepresentatives & omission
- 6.) negligence and gross negligence
- 7.) violation of federal securities laws
- 8.) violation of FINRA Rules
- 9.) violation of Pennsylvania Securities Act of 1072
- 10.) violation of regulation best interest

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$40,000.00

**Alleged Damages Amount Explanation (if amount not exact):** In addition to the above amount

- 1.) Under-Performance Damages
- 2.) Attorney Fees
- 3.) Cost or proceedings
- 4.) Punitive Damages
- 5.) Interest at legal rate on all sums recovered
- 6.) Any other relief deem just and appropriate



Is this an oral complaint? No

Is this a written complaint? No

Is this an arbitration/CFTC  
reparation or civil litigation? Yes

Arbitration/Reparation forum  
or court name and location: FINRA Dispute Resolution

Docket/Case #: 24-1839

Filing date of  
arbitration/CFTC reparation  
or civil litigation: 08/26/2024

**Customer Complaint Information**

Date Complaint Received: 09/11/2024

Complaint Pending? No

Status: Settled

Status Date: 08/13/2025

Settlement Amount: \$37,500.00

Individual Contribution  
Amount: \$0.00

**Broker Statement**

I am not listed as a respondent / defendant, nor am I listed in any of the merits in this lawsuit. My name is not listed as any part of being involved and/or sales practice violations. Everything and anything in this lawsuit all pertain to Western International Securities. I was the registered representative for the above clients and sold them the product. I believe both clients came to a seminar workshop that was sponsored and hosted GWG. Both clients were given prospectus and sales materials prior to both clients purchasing the product. Both clients also signed various documents acknowledging the risks that the bonds were not traded, that they were suitable. Unfortunately, I did not have a crystal ball on GWG that they were going to stop their interest payments and file Chapter 11 Bankruptcy, to which the company emerged out of. Clients also does not want to accept they own responsibility that they ultimately made the decision to purchase the investment and is using the tactic "Head I win, tails you lose" theory. Neither myself, 1st Financial Investments Inc, or 1st Financial Investment Inc. was listed as a named respondent and/or defendant in the lawsuit captioned, Only the broker / dealer was the defendant. The Former client had as account with my advisory firm, 1st Financial Investment Inc., and 1st Financial Investments Inc., is the DBA name that is used for my business'. However, neither of these companies were listed in the merits of the complaint and there was no complaint with regards to the former client's advisory account.

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The broker / dealer, Western International Securities settled this lawsuit prior to the arbitration hearing in order to avoid additional lawyer fees, travel expenses, and other costs to which both the former clients accepted. Both clients signed a release and dismissed their lawsuit complaint with prejudice. I was not involved and/or participated in any of the settlement negotiations, nor did I have to contribute any personal funds towards any part of this settlement.



**Disclosure 4 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.

**Allegations:** Customer alleges that an investment recommendation was unsuitable and misleading.

**Product Type:** Debt-Corporate

**Alleged Damages:** \$25,000.00

**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:** 07/03/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/25/2025

**Settlement Amount:** \$9,900.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investments, Inc.; & 1st Financial Investment, Inc.

**Allegations:** Investment Recommendation was unsuitable and misleading

**Product Type:** Debt-Corporate

**Alleged Damages:** \$25,000.00

**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:** 07/03/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/25/2025

**Settlement Amount:** \$9,900.00



**Individual Contribution Amount:** \$0.00

**Broker Statement**

This is a written complaint made by the Client's Power of Attorney through an Lawyer that the POA retained regarding the GWG L Bond Investment. Client was introduced to be by a referral from a former insurance agent in my office who did a seminar workshop on retirement planning that the client attended. Client was presented the GWG Investment and was given a sales kit for review. I believe that the client also came to a seminar workshop on the GWG product that was presented by the salesmen from GWG. Client was suitable for the investment at the time of purchase. Since the purchase GWG took a turn for the worst by stop paying its interest and paying off at maturity, and later filed for chapter 11 bankruptcy which they did emerge out of. I certainly didn't have a crystal ball that GWG was going to do what they did, nor did I have any advance warning and/or knowledge. The investment was merely a recommendation to which the client ultimately decided to purchase to which she could have rejected. Client signed various documents at the time of purchase including but not limited to acknowledging the risks involved, with the purchase. The client's POA is playing the theory heads I win, tail you lose and doesn't want to accept any responsibility that the client made this decision on her own.

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My former broker / dealer decided to offer a settlement to the former client and her POA instead of denying the writing complaint and risk the possibility of an arbitration lawsuit. The former client and her POA chose to accept the settlement offer. Both the former client and the broker / dealer executed a release agreement. I did not participate in any part of the settlement, nor did I or was asked to contribute any personal funds towards this settlement.

**Disclosure 5 of 17**

**Reporting Source:** Firm  
**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.  
**Allegations:** Customer alleges that investment recommendations were unsuitable.  
**Product Type:** Debt-Corporate  
**Alleged Damages:** \$20,000.00  
**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:** 04/19/2024  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 06/18/2024  
**Settlement Amount:** \$14,999.00  
**Individual Contribution** \$0.00

**Amount:**  
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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc; 1st Financial Investments, Inc.

**Allegations:** Unsuitable Investment

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$20,000.00

**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:** 04/19/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 06/18/2024

**Settlement Amount:** \$14,999.99

**Individual Contribution Amount:** \$0.00

**Broker Statement**

To my understanding this is a written complaint by the above former client through an attorney that he retained. Information that was relayed to me by the broker / dealer's counsel was the client complained unsuitable investment in the GWG L-Bonds. I never saw the written complaint, and the broker / dealer never forwarded a copy to me for my review. It wasn't until I was contacted by the broker / dealer's outside counsel regarding the written complaint made to the firm requesting the above amount for his loss in the GWG L Bonds. The above former client did receive a sales kit of the GWG, which included the prospectus. I do believe that the above former client attended a seminar workshop which was presented by GWG's salesperson. At the time of purchase, client signed all necessary paperwork including GWG's subscription documentation as well as the broker / dealer's supplemental documentations. Both documents stated which I believe also required initials that the former client understood that the GWG L Bonds were liquidated and were not actively traded in the bond market. I also believe that the former client's initial bond purchase matured and rollover over for a like term. GWG bonds automatically rollover for a like term at maturity as a negative consent, meaning that after notification to the client by GWG that the bonds were maturing that the bonds would automatically rollover to the next like term, unless they notified GWG not to rollover and payout at maturity. The former client never notified GWG not to automatically rollover the next like term and he would have had to notify GWG not to rollover and payout when they matured. Unfortunately, the GWG investment went south and filed for chapter 11 bankruptcy, which they later emerged. Client is attempting to use the theory 'heads I win, tails you lose' in this complaint. This was a recommendation. Client does not want to accept his own decision and doesn't want to accept that he never notified GWG at maturity not to renew and/or rollover for the next like term. It seems in order to avoid the



possibility of an arbitration lawsuit if the written complaint was denied, the former broker / dealer made an offer of settlement to which the former client accepted. It is to my understanding that the former client also signed a release. Since I never received any copies of the written complaint, nor any copies of the release, I had no involvement in the settlement between the broker / dealer and the client, nor did I contribute any personal funds towards this settlement.

The former client was also a former client of my advisory firm, 1st Financial Investment Inc. to my understanding there was nothing in the written complaint regarding any issues and/or disputes while he was also an advisory client. 1st Financial Investments is the DBA name that is used for all my business, and to my understanding there was no other disputes, and the only dispute in the written complaint was the GWG Bonds.

**Disclosure 6 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.

**Allegations:** Client alleged the representative failed to disclose the risks of the investment and misrepresented the features of the investment.

**Product Type:** Debt-Corporate

**Alleged Damages:** \$74,000.00

**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:** 08/28/2023

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 10/09/2023

**Settlement Amount:** \$20,000.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc. & 1st Financial Investments, Inc.

**Allegations:** Out of pocket loss from the GWG L Bond Investment

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$74,000.00

**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: 08/28/2023

Complaint Pending? No

Status: Settled

Status Date: 10/09/2023

Settlement Amount: \$20,000.00

Individual Contribution Amount: \$0.00

Broker Statement

This former client retained an attorney who wrote a letter to the broker/dealer's attorneys as a written complaint with regards to the out-of-pocket losses in the GWG L Bond Investment. Client was well suitable for the investment. Client signed the necessary subscription documents as well as supplemental documents by the broker / dealer that he read the prospectus and that he understood the risks involved in the investment. I believe the client attended a seminar workshop that was sponsored by and presented by GWG, their managing wholesale broker / dealer, and their representative. Client was presented the necessary sales material and prospectus to review. Client is attempting to holdout and use me, and the broker / dealer as an insurance policy and a 'heads I win, tails you lose' theory against his investment loss and not accept his own responsibility that it was his ultimate decision to make said purchase after reviewing all the material. The investment loss is the result of GWG ceasing its interest payment January 2022, and filing chapter 11 bankruptcy April 2022. GWG has since reorganized and emerged out of bankruptcy. The client's attorney has requested \$52k as a settlement to avoid an arbitration lawsuit. The broker / dealer is investigating & researching, and their attorneys will be responding accordingly.

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The broker / dealer decided after their research to make a counter-offer settlement to which the former client accepted in order to avoid a potential arbitration lawsuit complaint claim. The former client signed and executed a release against me and the broker / dealer as satisfactory and settled with no further action required.

Disclosure 7 of 17

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: WESTERN INTERNATIONAL SECURITIES, INC.

Allegations: Unsuitable and Misleading Investment, Failure to Conduct Reasonable Due Diligence; Negligence; Misrepresentation and Omissions of Material Facts; Breach of Fiduciary Duty; and Failure to Supervise.

Product Type: Debt-Corporate Direct Investment-DPP & LP Interests

Alleged Damages: \$100,000.00

Is this an oral complaint? No



**Is this a written complaint?** Yes

**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes

**Arbitration/Reparation forum  
or court name and location:** FINRA

**Docket/Case #:** 24-00902

**Filing date of  
arbitration/CFTC reparation  
or civil litigation:** 04/30/2024

**Customer Complaint Information**

**Date Complaint Received:** 05/03/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/20/2025

**Settlement Amount:** \$24,750.00

**Individual Contribution  
Amount:** \$0.00

**Reporting Source:** Individual

**Employing firm when  
activities occurred which led  
to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc. & 1st Financial Investments, Inc.

**Allegations:** in the original complaint... Investment losses of GWG L Bond, and SILA Realty Trust. Now in the arbitration lawsuit, allegations are  
1.) Unsuitable and Misleading Investment Recommendations;  
2.) Misrepresented and Omitted Materials Facts and Risks;  
3.) Failure to Conduct Reasonable Due Diligence;  
4.) Negligence;  
5.) Misrepresentation and Omissions of Material Facts;  
6.) Breach of Fiduciary Duty; and  
7.) Failure to Supervise

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests  
Real Estate Security

**Alleged Damages:** \$100,000.00

**Alleged Damages Amount  
Explanation (if amount not  
exact):** In addition to the above amount also seeking punitive damages, attorney fees, expert fees, filing fees, forum fees, Disgorgement of all commissions and fees paid to broker / dealer firm, Well Balanced & Well Managed Portfolio damages, and any other relief and just that the panel deems appropriate.

In client's original written complaint was only seeking \$80,000

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes



**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 24-902

**Filing date of arbitration/CFTC reparation or civil litigation:** 04/30/2024

### Customer Complaint Information

**Date Complaint Received:** 04/30/2024

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/20/2025

**Settlement Amount:** \$24,750.00

**Individual Contribution Amount:** \$0.00

### Broker Statement

Former Client originally submitted a written complaint with regards to his investment of the GWG L Bond and SILA Realty Trust. GWG recently went through a reorganization and emerged from Chapter 11 Bankruptcy. SILA Realty originally was Carter Valis and I believe part of that investment was a result of a consolidation. The Former Client signed the necessary subscription documents and the broker / dealers supplement disclosures understanding and acknowledging that these investments were nontraded, liquidated, and the risks involved with these investments. The former Client is not accepting his own responsibility that it ultimately was his own decision in these investments and is trying to use the broker / dealer as an insurance policy against losses and a "head I win, tails you lose" theory. The Former Client also asked why he was never contacted with regard to the GWG situation when they stopped paying interest and when they filed chapter 11 bankruptcy. Prior to the GWG situation, the Client transferred out his account to another broker/dealer or advisory firm. It therefore should have been his other firm and/or representative who should have notified the former client of the situation. The Broker / Dealer, Western International Securities answered the former client's letter, 8/29/23 and denied the claim request, and provided copies of the various documents that was signed that the client was aware of the risks.

The former client now files an arbitration lawsuit, listing only the broker / dealer firm as the defendant / respondent. Client is attempting the head I win; tails you lose theory and is not and will not take responsibilities of his own decision. The investment was a recommendation based on my due diligence of both investments. I do not have a crystal ball, nor can I or anyone predict the outcome of an or any investments. Client signed all the necessary documents and agreements that he understood the investments, read the prospectus, and any and all risks involved in these investments. But when the investment unfortunately goes south or down in value, wants to blame the broker / dealer and not take the responsibility of his own actions.

The purchases of these investments were made through and was a former client of the broker / dealer, Western International Securities. I was also affiliated with Investment Advisory Firm, 1st Financial Investment, Inc. however the former client was not a client of the investment advisory firm, nor was the investment advisory firm named or listed in the former client's written letter. 1st Financial Investments, Inc is the DBA name that I go by to the public and is who the letter was addressed to.



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This arbitration lawsuit was settled by and between the parties (former client and broker / dealer) in order to avoid any additional costs and lawyer fees. I as representative did not participate in any part of the settlement nor was I asked to contribute any personal funds towards this settlement. The former client, and the broker/dealer executed a settlement release agreement and the former dismissed and withdrew their complaint with prejudice

**Disclosure 8 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.

**Allegations:** Unsuitable and misleading investment recommendations.

**Product Type:** Debt-Government

**Alleged Damages:** \$30,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA Arbitration

**Docket/Case #:** 23-01350

**Filing date of arbitration/CFTC reparation or civil litigation:** 05/12/2023

**Customer Complaint Information**

**Date Complaint Received:** 05/19/2023

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 11/17/2023

**Settlement Amount:** \$13,500.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc.; & 1st Financial Investments, Inc.

**Allegations:**

- 1.) Unsuitable & Misleading Investment Recommendation;
- 2.) Misrepresented & Omitted Material Facts & Risks;
- 3.) Failure to conduct Reasonable Due Diligence;
- 4.) Negligence;



**Product Type:** 5.) Breach of Fiduciary Duty; and  
5.) Failure to Supervise  
Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$30,000.00

**Alleged Damages Amount Explanation (if amount not exact):** In addition to the Alleged Compensatory Amount, plus  
1.) Pre & Post Judgment Interest;  
2.) Well Managed Account Damages;  
3.) Recovery of all Costs, including Attorney Fees, expert fees, and Forum Fees of this complaint; and  
4.) Punitive damages in an amount sufficient to punish and deter any future misconduct by respondent

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA Dispute Resolution Services

**Docket/Case #:** 23-01350

**Filing date of arbitration/CFTC reparation or civil litigation:** 05/12/2023

### Customer Complaint Information

**Date Complaint Received:** 05/19/2023

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 11/17/2023

**Settlement Amount:** \$13,500.00

**Individual Contribution Amount:** \$0.00

### Broker Statement

The arbitration lawsuit stems from the Chapter 11 Bankruptcy of GWG L Bonds. Client attended a workshop on retirement planning by 2 Insurance Agents in my office. Client then met with those agents who put a plan together. Client also did an equity index annuity, and had an advisory account, but nothing about those were mentioned in the complaint, nor has the client complained about these. Client was referred to me about the GWG L Bonds, as I had sales materials in my office to that investment. Client was interested due to the rate of return on the investment. I recommended and sold this investment based on my due diligent of the company and how they represented it to me. A seminar workshop was hosted by GWG and presented by the salesman of GWG, which the client received an invite and attended along with her mother. Any questions that was asked to and by the salesman, which was to the clients satisfactory. Unfortunately, GWG took a turn for the worst beyond my control, by the board taking action to suspend all interest, maturity payments, and redemption payments and the filing of Chapter 11 bankruptcy protection. Was told that the company was using the leverage of the bankruptcy to reorganize the company versus getting foreclosed on. At the time I sold the investment, I certainly didn't have a crystal ball that the company would do what they did, or be in this situation, otherwise I certainly and definitely wouldn't



sell this investment. GWG has since emerged out of Bankruptcy and client still filed this lawsuit. This investment was appropriate for the client at the time it was sold. Client signed the subscription documents, as well as disclosure forms knowing and acknowledging that the bonds weren't traded on an exchange, and the risks involved. Client is using the tactic of heads I win, tails you loose theory and that myself and/or the broker / dealer as an insurance policy that she had no risk. Client was given all sales materials and prospectus, and signed the necessary paperwork that she read and understood the product and any and all risks that came with investing in the product. Client also states that there were material facts that were omitted and not disclosed to the client either at the time of the purchase, or during the course of the investment. There were many facts that weren't disclosed to either me or the broker / dealer by GWG or their wholesaler broker / dealer. Both GWG and their Wholesaler broker / dealer omitted and didn't disclose various material facts. Had these were disclosed, they would have been also disclosed to the client.

These bonds were sold through Western International Securities as a brokerage transaction. 1st Financial Investments, Inc is the DBA that I use for my business and the general public, and 1st Financial Investment, Inc is the RIA firm that I am an IAR. Neither I, nor any of the 1st Financial entities was not named as a respondent, nor in the merits of the complaint. Only the broker / dealer was a named respondent.

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In order to avoid any additional litigation and attorney costs, the broker / dealer, Western International Securities decided to settle this matter to which the former client accepted the offer. Former client signed a release and withdrawal her lawsuit complaint with prejudice. I was not involved in any part of the settlement negotiations nor was I required to contribute any funds personally. Neither I, my firm, my investment advisory firm, my insurance general agency was a named respondent or defendant. Only the broker / dealer was the named respondent / defendant.

**Disclosure 9 of 17**

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investments, Inc.; & 1st Financial Investments, LLC.
<b>Allegations:</b>	1) Breach of Fiduciary; 2) Negligence & Negligent Misrepresentations; 3) Breach of Contract; 4) Failure to supervise; and 5) Negligence - violation of Regulation Best Interest.
<b>Product Type:</b>	Direct Investment-DPP & LP Interests
<b>Alleged Damages:</b>	\$50,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA



**Docket/Case #:** 23-00898  
**Filing date of arbitration/CFTC reparation or civil litigation:** 04/10/2023

**Customer Complaint Information**

**Date Complaint Received:** 04/17/2023  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 11/30/2023  
**Settlement Amount:** \$12,000.00  
**Individual Contribution Amount:** \$0.00

**Reporting Source:** Individual  
**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investments, Inc; & 1st Financial Investment, Inc.

**Allegations:**  
 1.) Breach of Fiduciary;  
 2.) Negligence & Negligent Misrepresentation;  
 3.) Breach of Contract;  
 4.) Failure to Supervise; and  
 5.) Negligence -- Violation of Regulation Best Interest

**Product Type:** Debt-Corporate  
 Direct Investment-DPP & LP Interests

**Alleged Damages:** \$50,000.00

**Alleged Damages Amount Explanation (if amount not exact):** In addition to the above alleged Compensatory Damages, client also demands  
 1.) Interest at the legal rate from the date of purchase;  
 2.) Punitive Damages;  
 3.) Cost of Proceeding; and  
 4.) Such other relief as it just & proper

**Is this an oral complaint?** No  
**Is this a written complaint?** No  
**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 23-00898  
**Filing date of arbitration/CFTC reparation or civil litigation:** 04/10/2023

**Customer Complaint Information**

**Date Complaint Received:** 04/17/2023  
**Complaint Pending?** No  
**Status:** Settled



**Status Date:** 11/30/2023

**Settlement Amount:** \$12,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

The arbitration lawsuit stems from the Chapter 11 Bankruptcy of GWG L Bonds. Client attended a workshop on retirement planning by 2 Insurance Agents in my office. After the workshop client met with those agents who put a plan together and also did an equity index annuity. Client was then referred to me with regard to the GWG L Bonds, as I had sales materials in my office in regard to that investment. Client was interested due to the rate of return on the investment. I recommended and sold this investment based on my due diligent of the company and how they represented it to me. A seminar workshop was hosted by GWG and was presented by the salesman of GWG, to which the client received an invite and attended with a friend. Any questions the client had was asked to and by the salesman, which I believe was to the clients satisfactory. Unfortunely, GWG took a turn for the worst beyond my control, by the board taking action to suspend all interest, maturity payments, and redemption payments and the filing of Chapter 11 bankruptcy protection. I was told that the company was using the leverage of the bankruptcy to reorganize the company versus getting foreclosed on. At the time I sold the investment, I cardinaly didn't have a crystal ball that the company would do what they did, or be in this situation, otherwise I certainly and definitely wouldn't sell this investment. I have been advised on or about 12/1/2022 GWG did file with the Bankruptcy Court their plan of action to emerge from Bankruptcy. To my understanding this needs to be approved by the Bankruptcy Court, and then all the creditors. Instead of the client waiting to see on the status the reorganization of the company through the bankruptcy, client decided to file this lawsuit. This investment was appropriate for the client at the time it was sold. Client signed the subscription documents, as well as disclosure forms knowing and acknowledging that the bonds weren't traded on an exchange, and the risks involved.

These bonds were sold through Western International Securities as a brokerage transaction. 1st Financial Investments, Inc is the DBA that I use for my business, and 1st Financial Investment, Inc is my advisory that I am an IAR. Neither I, nor any of the 1st Financial entities was not named as a respondent, nor in the merits of the complaint. Only the broker / dealer was a named respondent.

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The Broker / Dealer, Western International Securities settled this matter with the former client to avoid further litigation and additional cost. I as representative was not involved in any part of the settlement negotiations, nor did I have to contribute any personal funds towards this settlement. I was not a respondent or a defendant in this lawsuit and was between the former client and the broker / dealer only. In accepting the settlement, the client signed and executed a release agreement, in exchange for withdrawaling the lawsuit matter against the broker / dealer with prejudice.

**Disclosure 10 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.

**Allegations:** Misrepresentation of investment



**Product Type:** Debt-Corporate

**Alleged Damages:** \$100,000.01

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 23-03588

**Date Notice/Process Served:** 12/28/2023

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 11/08/2024

**Monetary Compensation Amount:** \$18,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1ST FINANCIAL INVESTMENTS INC; 1ST FINANCIAL INVESTMENT INC; 1ST FINANCIAL SAFEGUARD CO.; SIMPLICITY GROUP

**Allegations:** Suitability, False, & Misleading Statements regarding bond investment and annuity

**Product Type:** Annuity-Fixed  
Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$172,800.00

**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:** 01/05/2023

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 12/20/2023

**Settlement Amount:**

**Individual Contribution Amount:**

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA



**Docket/Case #:** 23-3588  
**Date Notice/Process Served:** 12/27/2023  
**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 11/08/2024  
**Monetary Compensation Amount:** \$18,000.00  
**Individual Contribution Amount:** \$0.00

**Broker Statement**

This complaint is due to the investment in GWG L Bonds and their F&G Annuity. Client signed GWG subdocs and the broker/dealer direct investment disclosure. They were aware of risks involved on the GWG product, was non-traded and signed various paperwork acknowledging the same. Unfortunately 1/2022 GWG suspended interest & maturity payments, and redemptions requests and in 4/2022 filed for chapter 11 bankruptcy. At the time the investment was sold, I certainly didn't have a crystal ball with regard to GWG's current situation. GWG has since emerged from bankruptcy.

Their annuity product was sold outside of the broker/dealer and through my general agency, so I do not have any idea as to why the complaint is to the broker/dealer and not that of the general agency. Client had an existing EIA product. About a year ago, wanted something similar and not in the market. Clients were presented with illustrations from 2 annuity companies. Clients choose F&G as it was similar to their current product and met their objectives and goals. The annuity was placed only in the wife's name as both owner and annuitant. Client understood the surrender period and its features. Client was made aware that after 1 year they can withdrawal upto 10% of the annuity value without any surrender fees and was also aware of all riders attached to the annuity that will waive the surrender fees such as terminal illness, nursing home, and unable to do 2 out of 6 ADL criteria as established by the carrier. Client was suitable for this annuity based on the annuity company's underwriting otherwise they wouldn't have approved and issued the policy, and it would have been rejected. Client was given a 30-day freelook period after delivery of the policy and could have rejected the policy if they were unhappy with the product or it didn't meet their objective and goals after review and were advised of the same. Any further issues regarding their annuity should be addressed to either the general agency, the MGA/BGA/FMO wholesaler agency, and/or the annuity carrier F&G.

Although the written complaint was addressed to the broker/dealer Western International Securities, 1st Financial Investments Inc is the DBA name that I go by to the general public, 1st Financial Investment Inc is the advisory firm I'm affiliated with, 1st Financial Safeguard Co is my insurance General Agency, and Simplicity Group is the MGA/BGA/FMO wholesaler firm Insurance Agency that I am affiliated with. These entities were not listed in the written complaint to the broker/dealer.

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The broker / dealer responded to the written complaint by the customer's attorney, offering no amount, and provided copies of the various documents that the clients signed including the subscription documents, and the broker / dealer's own form acknowledging the risks of the investment, that they were suitable for the investment, and that the investment met their objectives and goals. The husband has since passed away.

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The client has now filed an arbitration lawsuit against the broker / dealer and me



individually as defendants. My General Agency or my DBA name were not a named respondent, nor listed in the merits of the lawsuit. This matter will be vigorously defended, as I feel I did nothing wrong. Client signed all paperwork acknowledging all risks and all met their goals and objectives. Client was all advised along the way of GWG situation. Most of the dealings were through the late husband.

This matter was settled by the broker / dealer with this former client. I did not participate in any part of the settlement negotiation, nor did I have to contribute any personal funds. Client signed a release and withdrew their lawsuit with prejudice.

Disclosure 11 of 17

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1ST FINANCIAL INVESTMENT, INC; & 1ST FINANCIAL INVESTMENTS, INC.

**Allegations:**

- 1.) Breach of fiduciary obligations / duties;
- 2.) Breach of Contract;
- 3.) Negligence / professional negligence;
- 4.) Failure to Supervise;
- 5.) Violation of state and federal rules and regulations;
- 6.) Agency, respondent superior and control person liability;
- 7.) General equitable principals that apply in arbitration;

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$20,000.00

**Alleged Damages Amount Explanation (if amount not exact):** In addition to the alleged damaged amount plus

- 1.) prejudgment interest;
- 2.) Interest from date of award till fully paid and satisfied by respondent;
- 3.) Fees, commissions, and compensation earned from plaintiff's investment;
- 4.) All reasonable Attorney's fees, expenses, costs, including experts' fees;
- 5.) recessionary measure of damages and plaintiff to an offer of tender of her investment;
- 6.) well-managed portfolio theory of damages;
- 7.) additional equitable / injunctive or other relief deemed appropriate by panel

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA Dispute Resolution

**Docket/Case #:** 22-02733

**Filing date of arbitration/CFTC reparation or civil litigation:** 11/30/2022

Customer Complaint Information

**Date Complaint Received:** 12/06/2022

**Complaint Pending?** No



**Status:** Settled

**Status Date:** 04/03/2023

**Settlement Amount:** \$12,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

The arbitration lawsuit stems from the Chapter 11 Bankruptcy of GWG L Bonds. Client attended a workshop on retirement planning by 2 Insurance Agents in my office. After the workshop client met with those agents who put a plan together and also did an equity index annuity. Client was then referred to me with regard to the GWG L Bonds, as I had sales materials in my office in regards to that investment. Client was interested due to the rate of return on the investment. I recommended and sold this investment based on my due diligent of the company and how they represented it to me. A seminar workshop was hosted by GWG and was presented by the salesman of GWG, to which the client received an invite and attended with a friend. Any questions the client had was asked to and by the salesman, which I beleive was to the client's satisfactory. Unfortunately, GWG took a turn for the worst beyond my control, by the board taking action to suspend all interest, maturity payments, and redemption payments and the filing of Chapter 11 bankruptcy protection. I was told that the company was using the leverage of the bankruptcy to reorganize the company versus getting foreclosed on. At the time I sold the investment, I cardinaly didn't have a crystal ball that the company would do what they did, or be in this situation, otherwise I certainly and definitely wouldn't sell this investment. I have been advised on or about 12/1/2022 GWG did file with the Bankruptcy Court their plan of action to emerge from Bankruptcy. To my understanding this needs to be approved by the Bankruptcy Court, and then all the creditors. Instead of the client waiting to see on the status the reorganization of the company through the bankruptcy, client decided to file this lawsuit. This investment was appropriate for the client at the time it was sold. Client signed the subscription documents, as well as disclosure forms knowing and acknowledging that the bonds weren't traded on an exchange, and the risks involved.

These bonds were sold through Western International Securities as a brokerage transaction. 1st Financial Investments, Inc is the DBA that I use for my business, and 1st Financial Investment, Inc is my advisory that I am an IAR. Neither I, nor any of the 1st Financial entities was not named as a respondent, nor in the merits of the complaint. Only the broker / dealer was a named respondent.

My broker / dealer, Western International Securities and their E&O carrier settled this matter prior to the arbitration hearing date. I as registered representative did not participate in any part of the settlement, nor did I have to contribute any personal funds towards this matter. The former client & plaintiff in this action signed a settlement agreement and agreed to withdrawal her arbitration lawsuit complaint with prejudice.

**Disclosure 12 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1ST FINANCIAL INVESTMENT, INC; & 1ST FINANCIALINVESTMENTS, INC.

**Allegations:** 1.) Violations of Sections 10(b) and 20(a) of the 1934 Act [15 U.S.C. 78j(b) and 78t(a)] and Rule 10b-5Thereunder [17 C.F.R. 240.10b-5]; 2.) Violations of the Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 P.S. 1-201 et seq.]; 3.) Violations of the Pennsylvania Securities Act of 1972, [70 P.S. 1-101et seq.]; 4.) Breach of Fiduciary Duty; 5.) Common Law Fraud; 6.) Negligence,



Including Negligent Failure to Supervise; and 7.) Breach of Contract.

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$288,280.00

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 22-02544

**Date Notice/Process Served:** 11/22/2022

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 08/24/2023

**Monetary Compensation Amount:** \$81,916.35

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1ST FINANCIAL INVESTMENT, INC; & 1ST FINANCIAL INVESTMENTS, INC.

**Allegations:**

- 1.) Violations of Sections 10(b) and 20(a) of the 1934 Act [15 U.S.C. 78j(b) and 78t(a)] and Rule 10b-5 Thereunder [17 C.F.R. 240.10b-5];
- 2.) Violations of the Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 P.S. 1-201 et seq.];
- 3.) Violations of the Pennsylvania Securities Act of 1972, [70 P.S. 1-101 et seq.];
- 4.) Breach of Fiduciary Duty;
- 5.) Common Law Fraud;
- 6.) Negligence, Including Negligent Failure to Supervise; and
- 7.) Breach of Contract

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$288,280.00

**Alleged Damages Amount Explanation (if amount not exact):** In addition to the above amount:

- 1.) Return of Trade Commission & Fees;
- 2.) Lost Income under the 'well managed portfolio' theory of recovery or the benefit-of-the bargain theory;
- 3.) Disgorgement of sales commissions;
- 4.) Punitive or exemplary damages;
- 5.) attorney's fees; filing fees, and any other costs incurred;
- 6.) Pre & Post award interest; and
- 7.) Any other relief as the Panel deems just and proper

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA



**Docket/Case #:** 22-02544  
**Date Notice/Process Served:** 11/15/2022  
**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 08/24/2023  
**Monetary Compensation Amount:** \$81,916.35  
**Individual Contribution Amount:** \$0.00

**Broker Statement**

THIS LAWSUIT IS OF NO MERIT. I BELIEVE MOST IF NOT ALL OF THE ABOVE PLAINTIFF'S ATTENDED A PAST SEMINAR WORKSHOP ON THE GWG INVESTMENT THAT WAS PRESENTED BY THE SALES REP OF GWG. CLIENTS WAS ABLE TO ASK QUESTIONS TO THE GWG SALES REP. I SOLD THE INVESTMENT TO THIS CLIENT BASED ON MY DUE DILIGENT OF THE COMPANY AND HOW THEY REPRESENTED THE PRODUCT TO ME. ALL THE CLIENTS SIGNED PAPERWORK THAT THEY UNDERSTOOD AND ACKNOWLEDGED THE RISK OF THIS INVESTMENT, INCLUDING THAT THEY WERE NOT TRADED, AND NON-RATED. CLIENTS NEVER ONCE HAD ANY CONCERNS. UNFORTUNELLY, LATELY GWG TOOK A TURN FOR THE WORST BEYOND MY CONTROL, BY THE BOARD TAKING THE ACTION TO SUSPEND ALL INTEREST, MATURITY, AND REDEMPTION PAYMENTS AND THE FILING OF CHAPTER 11 BANKRUPTCY. I HAVE BEEN TOLD BY THE COMPANY THAT THEY ARE USING THE LEVERAGE OF THE CHAPTER 11 BANKRUPTCY TO REORGANIZE THE COMPANY. AT THE TIME I SOLD THIS INVESTMENT, I DID NOT HAVE A CRYSTAL BALL THAT THE COMPANY WOULD DO WHAT THEY DID, OTHERWISE I CERTAINLY WOULD NOT HAVE SOLD THIS INVESTMENT. ITS INTERESTING THAT PRIOR TO GWG SUSPENDING THEIR INTEREST THAT THERE WAS NO COMPLAINTS, BY THESE CLIENTS, AND NOW THESE CLIENTS BLAME ME AND WESTERN AND SUE US INSTEAD OF GWG'S MANAGING AND WHOLESALER BROKER / DEALER. ITS ALSO INTERESTING THAT TWO (2) OUR OF THE NINE (9) CLEINTS INVOLVED IN THIS LAWSUIT STILL HAS THEIR ACCOUNTS WITH ME AND THE B/D AND DIDN'T TRANSFER OUT. INSTEAD OF WAITING TO SEE WHAT THE OUTCOME OF THE GWG CASE, PLAINTIFF'S DECIDED TO FILE THIS LAWSUIT IN ATTEMPT TO RECOVER LOSSES AND DAMAGES. ALTHOUGH I AM ALSO AFFILIATED WITH 1ST FINANCIAL INVESTMENT INC. (MY RIA FIRM), AND 1ST FINANCIAL INVESTMENTS INC (DBA NAME USED FOR MY BUSINESS). THEY WERE NOT NAMED IN THE LAWSUIT.

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IN ORDER TO AVOID ANY ADDITIONAL LITIGATION, LAWYER, AND OTHER COSTS INVOLVED IN THIS MATTER, THE BROKER / DEALER SETTLED AND ALL THE CLIENTS' LISTED IN THE LAWSUIT COMPLAINT ACCEPTED THE OFFER. ALL THE CLIENTS' LISTED SIGNED A RELEASE AND WITHDREW & DISMISSED WITH PREJUDICE THE ARBITRATION LAWSUIT. I HAD ABSOLUTELY NO INVOLVEMENT WITH ANY PART OF THE SETTLEMENT NEGOTOATIONS NOR DID I HAVE TO CONTRIBUTE ANY PERSONAL FUNDS.



**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc.; 1st Financial Safeguard, Co.; and 1st Financial Investment, Inc.

**Allegations:** In the original written complaint, Recovery and Reimbursement of Losses incurred as a result of investment in GWG L Bonds. In the arbitration lawsuit, negligence, misrepresentation & omission of material facts, breach of fiduciary duty, failure to supervise, violation of both federal & state securities law, violation of both federal & state common law.

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$400,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA Dispute Resolution

**Docket/Case #:** 23-00492

**Filing date of arbitration/CFTC reparation or civil litigation:** 02/27/2023

**Customer Complaint Information**

**Date Complaint Received:** 02/28/2023

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 04/11/2024

**Settlement Amount:** \$210,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investment, Inc; 1st Financial Safeguard, Co; & 1st Financial Investments, Inc.

**Allegations:** In the original written complaint, Recovery and Reimbursement of Losses incurred as a result of investment in GWG L Bonds. In the arbitration lawsuit, negligence, misrepresentation & omission of material facts, breach of fiduciary duty, failure to supervise, violation of both federal & state securities lawlaw, violation of both federal & state common law.

**Product Type:** Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:** \$400,000.00

**Alleged Damages Amount** Client originally made a written complaint, and No specific amount was listed in



**Explanation (if amount not exact):** that, but the client invested in the above amount on product that client is complaining about. In the arbitration lawsuit client demand is the above amount or an order of rescission, plus pre & post judgment interest, well balanced theory managed account damages, recovery of all costs, attorney fees, expert fees, form fees and punitive damages in an amount sufficient to punish and deter any future misconduct

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 23-00492

**Filing date of arbitration/CFTC reparation or civil litigation:** 02/27/2023

**Customer Complaint Information**

**Date Complaint Received:** 03/06/2023

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 04/11/2024

**Settlement Amount:** \$210,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

Originally Client's Attorney wrote a letter as a written complaint addressed to the broker / dealer firm requesting a demand of reimbursement and recovery, of loss of investment in GWG Bonds. Client's Attorney also requested copies of all account paperwork, as well as subscription documents. The firm will be denying the claim of reimbursement and recovery of the GWG L-Bonds. Client signed various agreements and disclosures knowing and understanding the investment and the potential risks that came with the investment. Client liked the GWG L Bonds with the rate of return. Client even made an unsolicited offer last year when GWG suspended raising capital that she wanted to buy more. The firm will also be answering the client's letter on the requested documentation. Client's attorney now files this arbitration lawsuit seeking the same damages. Representative is not listed as a named respondent.

The attorney letter was addressed to and only to the broker / dealer, 'Western International Securities Inc.'. Although not listed in the letter, I am also affiliated with, and the client also had an account with my RIA firm, '1st Financial Investment, Inc.', I am also affiliated with and the client had an account with my Insurance General Agency firm, '1st Financial Safeguard, Co. and '1st Financial Investments, Inc.' is name that I used doing business as for my business.

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The firm made a settlement offer to the former client, to which was accepted. The firm decided to settle this matter versus going to a hearing to avoid additional



arbitration fees, lawyer fees, and potential travel costs by all parties and the respective attorneys. In accepting the settlement offer, the former client signed a settlement release agreement, and dismissed and withdrew their arbitration lawsuit with prejudice. As rep, I did not contribute to any part of the settlement negotiations. Any and all settlement negotiations were between the firm, the former client and their respective attorneys. I did not, nor was required to contribute any personal funds towards this settlement.

#### Disclosure 14 of 17

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** WESTERN INTERNATIONAL SECURITIES, INC.; 1st Financial Investments, Inc; 1st Financial Investment, Inc.; 1st Financial Safeguard, Company

**Allegations:** Violations of Sections 10(b) and 20(a) of the 1934 Act [15 U.S.C. 78j(b) and 78t(a)] and Rule 10b-5 Thereunder [17 C.F.R. 240.10b-5; Violations of the Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 P.S. 1-201 et seq.]; Violations of the Pennsylvania Securities Act of 1972, 70 P.S. 1-101 et seq.; Breach of Fiduciary Duty; Common Law Fraud; and Negligence; Breach of Contract

**Product Type:** Annuity-Fixed  
Direct Investment-DPP & LP Interests  
Equity-OTC

**Alleged Damages:** \$129,209.82

**Alleged Damages Amount Explanation (if amount not exact):** In addition to Damages plus Pre & Post Arbitration Interest, Filing Fees, and Attorney Fees

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 22-01365

**Filing date of arbitration/CFTC reparation or civil litigation:** 06/17/2022

#### Customer Complaint Information

**Date Complaint Received:** 06/28/2022

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 05/11/2023

**Settlement Amount:** \$30,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement** This Arbitration Lawsuit is of no merit. Client invested in GWG Preferred Stock who was referred to me by insurance agents in my office. Unfortunately, GWG filed



for Chapter 11 Bankruptcy, and stopped paying their dividend in cash. However GWG is paying their dividend in additional stock. Client understood that the preferred stock didn't actively trade in the market or on a stock exchange and was considered a non-traded investment. Client also signed the subscription document with contained disclosures, in addition the client signed other disclosures understanding the risk, that he was suitable, and that the investment was non-traded. Client also had an opportunity to redeem his preferred stock to which the client turned down and wanted to buy more. The time to question the investment was at the time of signing the application and disclosures and not 5 years after the fact. In addition at the time I presented and sold the investment to the client, I certainly didn't have a crystal ball on the action that GWG would currently take. Client also invested in an Equity Index Annuity. I was not the part of the sell of the equity annuity, nor I was part of the workshop that the client attended.

Neither I, nor any of the 1st Financial family of companies was named as a respondent. Only Western International Securities was named as a respondent.

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Western International Securities decided to settle this matter with the Plaintiff / Claimant to avoid any additional costs (Lawyer, Travel, Hearing, etc.) to defend this matter. I had absolutely no participation and / or input in any part of the discussions of the settlement, nor did I personally have to contribute any personal funds towards the settlement in this matter. In accepting the settlement, the plaintiff / claimant dismissed their lawsuit complaint with prejudice.

**Disclosure 15 of 17**

**Reporting Source:**

Individual

**Employing firm when activities occurred which led to the complaint:**

WESTERN INTERNATIONAL SECURITIES, INC.; 1ST FINANCIAL INVESTMENT, INC.; 1st Financial Investments, Inc.

**Allegations:**

Client wrote a letter to rep's office regarding his investment in GWG Holdings L Bonds inquiring why rep never contacted the client when GWG suspended its interest payments. Client further alleged that rep sold the product as a very safe investment. Client's Letter also states that investment was purchased in 2020, however after further investigating client purchased the investment in 2018. There is no record of any additional investment in 2020. After client's written complaint and since the broker/dealer firm took no action, client then decide to file an arbitration lawsuit against the broker/dealer firm only for damages and recovery of investment. Client alleges violations of Section 10(b) and 20(a) of the 1934 Act [15 USC 78j(b) and 78t(a)] and Rule 10b-5 Thereunder [17 CFR 240.10b-5]; violations of the Commonwealth of Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 PS 1-201 eq seq.]; violations of the Commonwealth of Pennsylvania Securities Act of 1972 [70 PS 1-101 eq seq.]; Breach of Fiduciary Duty; Common Law Fraud; Negligence; Failure to Supervise; and Breach of Contract

**Product Type:**

Debt-Corporate  
Direct Investment-DPP & LP Interests

**Alleged Damages:**

\$100,000.00

**Alleged Damages Amount Explanation (if amount not exact):**

The client did not specify the alleged damage and/or an actual amount in his complaint, but it is believed that damages are as stated above as per documents on file



**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA Dispute Resolution

**Docket/Case #:** 22-01514

**Filing date of arbitration/CFTC reparation or civil litigation:** 07/06/2022

**Customer Complaint Information**

**Date Complaint Received:** 07/07/2022

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 06/14/2023

**Settlement Amount:** \$40,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

Client attended a past seminar workshop on the GWG investment that was presented by the sales rep of GWG. I sold the investment to this client based on my due diligent of the company and how they represented the product to me. Unfortunately, lately GWG took a turn for the worst beyond my control, by the Board taking the action to suspend all interest, maturity, and redemption payments and the filing of Chapter 11 bankruptcy. I have been told by the company that they are using the leverage of the Chapter 11 Bankruptcy to reorganize the company. At the time I sold this investment, I did not have a crystal ball that the company would do what they did, otherwise I certainly would not have sold this investment. In addition, client had other accounts with me and closed them out in January 2020. Around that time, I had notified the client and GWG that I was resigning as representative of record of his GWG investment and to notify the new representative wherever the account was transferred to notify GWG accordingly.

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GWG filed is reorganization plan to emerge out of chapter 11 bankruptcy recently, which was approved by the court and the creditors. The Broker / Dealer offered a settlement to the client to which the client accepted and withdrew his arbitration lawsuit with prejudice. As Registered Rep, I had absolutely no participation in any part of the settlement offer to the former client. Nor did I personally contribute any personal funds towards this settlement.

The GWG investment was done as a brokerage product through my affiliation with Western International Securities and not that as an advisory through 1st Financial Investment.

Since the firm took no action on the written complaint, the client sought and filed an arbitration lawsuit against the broker/dealer firm only. Although I am also affiliated with 1st Financial Investment Inc. (my RIA firm), and 1st Financial



Investments Inc (DBA name used for my business), neither of these entities or myself was named as a respondent in the arbitration lawsuit. The broker/dealer firm was the only one named as a respondent. Client knew all the risks involved and signed the subscription documentation as well as the broker/dealer disclosure documents understanding the investments and risks.

**Disclosure 16 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** Calton & Associates, Inc.

**Allegations:** Unsuitability, Common Law Fraud, Breach of Fiduciary Duty, Negligence, Breach of Contract dates are from 2014 - 2016

**Product Type:** Real Estate Security  
Other: Equity Index Annuities

**Alleged Damages:** \$125,599.00

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 19-03278

**Date Notice/Process Served:** 11/11/2019

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 11/26/2019

**Monetary Compensation Amount:** \$38,199.00

**Individual Contribution Amount:** \$13,200.00

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** Calton & Associates Inc., Palomar Financial Services; Simplicity Life (f/k/a Imeriti Financial Network & Insurance sales by merger) and 1st Financial Investments Inc.

**Allegations:** Violations of (1) Sections 10(b) and 20(a) of the 1934 Act [15 U.S.C. 78j(b) and 78t(a)] and Rule 10b-5 Thereunder [17 C.F.R. 240.10b-5]; (2) Sections 12 of the 1933 Act; (3) Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 P.S. 1-201 et seq.]; and (4) Pennsylvania Securities Act of 1972, 70 P.S. 1-101 et seq.

Breach of Fiduciary Duty; Common Law Fraud; Negligence - Failure to Supervise; and Breach of Contract

**Product Type:** Annuity-Fixed  
Direct Investment-DPP & LP Interests  
Real Estate Security

**Alleged Damages:** \$125,599.00



**Alleged Damages Amount Explanation (if amount not exact):**

Client request no less than Alleged Compensatory Damage Amount plus and in addition to Pre and Post arbitration award interest, attorney's fees, filing fee, other costs & disbursements incurred, and other relief panel deems just & proper

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):**

FINRA

**Docket/Case #:**

19-3278

**Date Notice/Process Served:**

11/09/2019

**Arbitration Pending?**

No

**Disposition:**

Settled

**Disposition Date:**

12/03/2019

**Monetary Compensation Amount:**

\$38,199.99

**Individual Contribution Amount:**

\$13,200.00

**Broker Statement**

This arbitration lawsuit has absolutely no merit. Lawsuit is the result of these clients purchase of 2 Alternative Investment Real Estate Investment Trusts and 3 Equity Index Annuities. Client did not want to be in the stock market and attended a seminar workshop on both the REIT and Annuity investments. Client signed various disclosures and documents understanding the REIT and annuities and that these investments met their financial objectives and goals. Of the 3 annuity products in this complaint, I only sold 2 of them. The 3rd I wasn't even the producer or writing agent and do not know why I am being held liable and responsible for this one annuity product and why its my fault. This entire lawsuit will be vigorously defended. In addition to myself names as a defendant my former broker / dealer, Calton & Associates was also named jointly and severely. During this occurrence I was also affiliated with Palomar Financial Service and Imeriti Insurance (now known as Simplicity Life as successor by merger) though not named as a party to this arbitration, they were both the upline FMO/IMO/MGA/BGA for annuities part of the allegations that occurred. 1st Financial Investments though not named as a party to this arbitration complaint, was the general insurance agency on annuity part of the allegations that occurred and the D/B/A that I use for my securities business.

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In order to avoid further litigation costs to defend this matter a settlement agreement has been reached by and between my former broker/dealer, Calton & Associates, Myself, and the clients. Calton would not payout anything more than \$24,999.99 otherwise the settlement would need to be reported on their CRD records and they didn't want to report it and the clients wanted more \$\$\$ and wouldn't settle for that amount. Because of this and that Calton would pay a penny more, unfortunately I therefore had to reach a settlement with the remaining amount of the settlement in order to avoid costs to defend and litigate this which would have cost more of out of my own personal funds. I therefore vigorously deny any and all allegations. Including being held liable and accountable for the 1 annuity that I didn't sell, involved in the presentation, or the writing & selling agent. Client signed paperwork and disclosure that they understood the risks involved, read the prospectus, and understood the 2 annuities that I presented and sold them. The remaining amount of the settlement above what Calton Paid and individual contribution amount was paid for by 1st Financial Investments Inc which was the general agency for the annuities that I sold and was not paid for by any of my



actual personal funds. The settlement included clients to withdrawal and dismiss their arbitration lawsuit and their claims against me, and Calton with prejudice, and that they were free to seek further remedies from the Annuity carrier, any of the up line BGA/MGA/FMO/IMO agencies, and the REITs and their sponsor and manager. I also therefore resigned as their Registered Representative and my current broker/dealer also resigned as servicing their account.

**Disclosure 17 of 17**

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** Berthel Fisher and Company Financial Services Inc., Kalos Capital Inc. and Calton & Associates, Inc

**Allegations:** The client alleges the investments she purchased between 2009-2012 were unsuitable and misrepresented to her by the representative. The client also alleges the firms failed to supervise the actions of the representative.

**Product Type:** Oil & Gas

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** The firm has made a good faith determination that the damages from the alleged conduct would be more than \$5,000.00.

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** [18-00411](#)

**Date Notice/Process Served:** 02/20/2018

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 06/27/2018

**Monetary Compensation Amount:** \$51,500.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** Berthel Fisher and Kalos Capital

**Allegations:** Client alleges unsuitable investments, breach of fiduciary duty, negligence and breach of contract.

**Product Type:** Oil & Gas

**Alleged Damages:** \$100,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** No



**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA

**Docket/Case #:** 18-00411

**Filing date of arbitration/CFTC reparation or civil litigation:** 02/13/2018

**Customer Complaint Information**

**Date Complaint Received:** 02/20/2018

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 02/20/2018

**Settlement Amount:**

**Individual Contribution Amount:**

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** [18-00411](#)

**Date Notice/Process Served:** 02/20/2018

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 06/21/2018

**Monetary Compensation Amount:** \$51,000.00

**Individual Contribution Amount:** \$0.00

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** Calton & Associates, Inc

**Allegations:** Unsuitable Investments, Breach of Fiduciary Duty, Common Law Fraud, Violations of Pennsylvania Securities Act, Negligence, Breach of Contract. Dates products were purchased were: 09/2009 - 12/2012

**Product Type:** Oil & Gas

**Alleged Damages:** \$100,000.00

**Alleged Damages Amount Explanation (if amount not exact):** an amount to be determined at arbitration, but no less than \$100,000 in damages.

**Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 2018-411

**Date Notice/Process Served:** 02/21/2018

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 02/27/2018

**Monetary Compensation Amount:** \$17,500.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** The Firm settled to avoid further litigation costs.

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** Berthel Financial & Company Financial Services, Inc.; Kalos Capital, Inc.; Kalos Financial, Inc.; 1st Financial Investment, Inc; 1st Financial Investments, Inc.; Palomar Financial Services, Inc.; Calton & Associates, Inc.

**Allegations:** The Unsuitable Sale of an Alternative Investment in Gas Drilling Partnerships; Respondeat Superior Liability; Lack of Supervision; Violations of Sections 10(b) and 20(a) of the 1934 Act [15 U.S.C. 78j(b) and 78t(a)] and Rule 10b-5 Thereunder [17 C.F.R. 240.10b-5; Violations of the Pennsylvania Unfair Trade Practices and Consumer Protection Law [73 P.S. 1-201 et seq.]; Violations of the Pennsylvania Securities Act of 1972, 70 P.S. 1-101 et seq.; Breach of Fiduciary Duty; Common Law Fraud; Negligence; Breach of Contract; Punitive Damages

**Product Type:** Direct Investment-DPP & LP Interests  
Oil & Gas

**Alleged Damages:** \$10,000.00

**Alleged Damages Amount Explanation (if amount not exact):** Amount of no less than \$100,000 as determined by panel; Punitive or exemplary damages; attorney's fees and the costs and disbursements; filing fees; any other relief deemed just and proper

**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:** 02/16/2018

**Complaint Pending?** No

**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)

**Status Date:** 02/16/2018

**Settlement Amount:**

**Individual Contribution**

**Amount:****Arbitration Information**

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** [18-00411](#)

**Date Notice/Process Served:** 02/16/2018

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 06/21/2018

**Monetary Compensation Amount:** \$51,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

I was not the Registered Rep of Record when any of these securities products were sold. I was Series 11 at the time that the oil & gas program was sold to this client. As a result I was unable to sell any of these securities products. My only involvement with the client while I was series 11 was merely administrative and filling out the paperwork. I took over as the registered rep of his investment accounts when I changed broker/dealers from Kalos Capital to Calton & Associates and the original registered rep stepped out of the Securities industry. This matter will be vigorously defended as I had absolutely no involvement in meeting and/or selling in any of these products sold that this client is claiming other than administrative in filling out paperwork and processing them.

My former broker/dealer Kalos Capital was also named as a party to this arbitration complaint. Kalos Financial Inc through not named as a party in the arbitration complaint is the Parent company of Kalos Capital. My immediate last former broker/dealer Calton & Associates, Inc. is also named as a party in this arbitration complaint, During this occurrence I was also affiliated with Palomar Financial Service though not named as a party to this arbitration complaint, was the DBA that was used during my affiliation with Calton. Claimant also named 1st Financial Investments, Inc. but also used the CRD of my RIA which is a similar name and are separate entities. It is unknown which entity is meant for the complaint.

Berthel Fisher & Company Financial Services Inc., Calton & Associates Inc., and Kalos Capital Inc. All settled the matter with the client without any individual contribution. Client also withdrew the matter against 1st Financial Investment, Inc. and me individually with prejudice.



## End of Report

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