



IAPD Report

STEPHEN MICHAEL FRANKO

CRD# 2157707

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

Please contact FINRA with any concerns.



IAPD Information About Representatives

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

What is included in a IAPD report?

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

How current is this information?

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

Need help interpreting this report?

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

What if I want to check the background of an Individual Broker or Brokerage Firm?

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

Are there other resources I can use to check the background of investment professionals?

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



Report Summary

STEPHEN MICHAEL FRANKO (CRD# 2157707)

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 **08/26/2026**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	INDEPENDENCE CAPITAL CO., INC.	CRD# 24723	08/08/2000
IA	INDEPENDENCE CAPITAL CO., INC.	CRD# 24723	08/19/2026

QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and 1 jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration.

Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

	FIRM	CRD#	LOCATION	REGISTRATION DATES
IA	INDEPENDENCE CAPITAL CO., INC.	24723	PARMA, OH	02/04/2014 - 01/29/2026
B	ESSEX NATIONAL SECURITIES, INC.	25454	NAPA, CA	09/24/1997 - 08/07/2000
B	MFI INVESTMENTS CORP.	2864	BRYAN, OH	07/11/1997 - 09/26/1997

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this representative? **Yes**

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	2
Customer Dispute	1



Qualifications

REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with 1 jurisdiction(s) and 1 SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **INDEPENDENCE CAPITAL CO., INC.**
Main Address: 5579 PEARL ROAD, STE 100
PARMA, OH 44129
Firm ID#: 24723

	Regulator	Registration	Status	Date
B	FINRA	General Securities Representative	Approved	08/08/2000
B	Ohio	Agent	Restricted Approval	08/19/2026
IA	Ohio	Investment Adviser Representative	Restricted Approval	08/19/2026

Branch Office Locations

INDEPENDENCE CAPITAL CO., INC.
5579 PEARL ROAD, SUITE 100
PARMA, OH 44129

INDEPENDENCE CAPITAL CO., INC.
1215 YAUGER ROAD
MT. VERNON, OH 43050



Qualifications



PASSED INDUSTRY EXAMS

This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

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

Principal/Supervisory Exams

Exam	Category	Date
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No information reported.

General Industry/Product Exams

Exam	Category	Date
B Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
B General Securities Representative Examination (S7)	Series 7	12/09/1998
B Investment Company Products/Variable Contracts Representative Examination (S6)	Series 6	08/07/1991

State Securities Law Exams

Exam	Category	Date
B Uniform Securities Agent State Law Examination (S63)	Series 63	10/06/1994



PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **0** professional designation(s).

No information reported.

Only professional designations listed in Question 8 of the Form U4 will appear in this section if the appropriate box is checked and verified by the issuing organization at the time of the filing. Learn more about eligible designations at [IARD](#) and [NASAA](#).



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
IA	02/04/2014 - 01/29/2026	INDEPENDENCE CAPITAL CO., INC.	CRD# 24723	PARMA, OH
B	09/24/1997 - 08/07/2000	ESSEX NATIONAL SECURITIES, INC.	CRD# 25454	NAPA, CA
B	07/11/1997 - 09/26/1997	MFI INVESTMENTS CORP.	CRD# 2864	BRYAN, OH
B	01/03/1997 - 08/05/1997	JOHN HANCOCK DISTRIBUTORS, INC.	CRD# 468	BOSTON, MA
B	01/03/1997 - 05/01/1997	JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	CRD# 5181	BOSTON, MA
B	05/29/1994 - 12/31/1996	ESSEX NATIONAL SECURITIES, INC.	CRD# 25454	NAPA, CA
B	08/09/1991 - 06/19/1992	JOHN HANCOCK DISTRIBUTORS, INC.	CRD# 468	BOSTON, MA
B	08/09/1991 - 06/19/1992	JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	CRD# 5181	BOSTON, MA

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
09/1997 - Present	ESSEX NATIONAL SECURITIES, INC.	NOT PROVIDED	Y	NEWARK, OH, United States
09/1997 - Present	FIRST KNOX NATIONAL BANK	OTHER - INVESTMENT REPRESENTATIVE	N	MT. VERNON, OH, 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.

Insurance Agent, fixed life, annuity, long term care, disability and health insurance, 1215 Yauger Road PO Box 631 Mt. Vernon OH 43050, 08/2000, 5-15 hrs/month, Compensation: Commission



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	2
Customer Dispute	1

Regulatory Event

This disclosure event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a federal regulator such as the Securities and Exchange Commission or the Commodities Futures Trading Commission, or a foreign financial regulatory body) for a violation of investment-related rules or regulations. This disclosure event may also include a revocation or suspension of an Investment Adviser Representative's authority to act as an attorney, accountant or federal contractor.

Disclosure 1 of 2

Reporting Source:	Regulator
Regulatory Action Initiated By:	Ohio
Sanction(s) Sought:	Suspension
Date Initiated:	08/19/2026
Docket/Case Number:	26-013
URL for Regulatory Action:	https://finalorders.com.ohio.gov/
Employing firm when activity occurred which led to the regulatory action:	Independence Capital Co., Inc., CRD No. 24723
Product Type:	Other: GWG L bonds
Allegations:	In connection with a FINRA letter of Acceptance, Waiver, and Consent (AWC) dated 11/17/2025, Franko consented to findings that he willfully violated rule 17 C.F.R. 240-15l-1, known as "Regulation Best Interest", and FINRA rule 2010 by recommending that three retail customers invest in GWG L bonds that were not in the customers' best interest, which in turn the Division found to mean Mr. Franko was not "of good business repute" pursuant to Ohio Revised Code (ORC) sections 1707.19(A)(1)(a) (by virtue of Ohio Administrative Code (OAC) rules 1301:6-3-19(D)(2) and (D)(8)), (A)(1)(d), (A)(1)(i), and OAC rules 1301:6-3-19(A)(5) and (6).
Current Status:	Final
Resolution:	Consent



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Resolution Date:

08/19/2026

Sanctions Ordered:

Suspension

Undertaking

Other: Franko consented to enter a 1-year heightened supervision agreement following the 5-month retroactive suspension prior to his license approval on 8/19/26

Sanction 1 of 1

Sanction Type:

Suspension

Capacities Affected:

All capacities

Duration:

5 months

Start Date:

02/24/2026

End Date:

07/24/2026

Reporting Source:

Individual

Regulatory Action Initiated By:

Ohio

Sanction(s) Sought:

Suspension

Date Initiated:

08/19/2026

Docket/Case Number:

26-013

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

Independence Capital Co., Inc.

Product Type:

Other: GWG L Bonds

Allegations:

In connection with a FINRA AWC dated 11/17/2025, Franko consented to findings that he willfully violated rule 17 C.F.R. 240-15I-1, known as Reg BI, and FINRA rule 2010 by recommending that three retail customers invest in GWG L Bonds that were not in the customers' best interest, which in turn the Division found to mean Mr. Franko was not "of good business repute" pursuant to Ohio Revised Code sections 1707.19(A)(1)(a) by virtue of Ohio Administrative Code rules 1301:6-3-19(D)(2) and (D)(8), (A)(1)(d), (A)(1)(i), and OAC rules 1301:6-3-19(A)(5) and (6)

Current Status:

Final

Resolution:

Consent

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Resolution Date:

08/19/2026



Sanctions Ordered: Suspension
Undertaking
Other: Mr. Franko consented to enter a 1 year heightened supervision agreement following the 5 month retroactive suspension prior to his license approval on 8/19/2026

Sanction 1 of 1

Sanction Type: Suspension
Capacities Affected: All capacities
Duration: 5 months
Start Date: 02/24/2026
End Date: 07/24/2026

Disclosure 2 of 2

Reporting Source: Regulator
Regulatory Action Initiated By: FINRA

Sanction(s) Sought:

Date Initiated: 11/17/2025

Docket/Case Number: [2022074289901](#)

Employing firm when activity occurred which led to the regulatory action: Independence Capital Co., Inc.

Product Type: Debt-Corporate

Allegations: Without admitting or denying the findings, Franko and Scheiman consented to the sanctions and to the entry of findings they willfully violated Rule 15c-1(a)(1) under the Securities Exchange Act of 1934 (Reg BI) by recommending that customers invest in speculative and unrated corporate bonds that were not in the customers' best interests. The findings stated that Franko made recommendations totaling \$195,000 to three elderly retail customers with investment objectives of income and did not include speculation, all of whom made the recommended investment. Frank earned \$5,640 in commission in connection to his recommendation and did not exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendations were in their best interest based on their investment profiles and the potential risks, rewards, and costs associated with the recommendations. The findings also stated that Scheiman recommended and sold a \$100,000 bond to an elderly retail customer with an investment objective of income and did not include speculation. Scheiman earned \$2,600 in commission in connection with this recommendation and did not exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendation was in the best interest of the customer based on the customers investment profile and the potential risks, rewards, and costs associated with the recommendation. After the customer complained to Scheiman's firm, the firm returned the customer's principal amount.

Current Status: Final

Resolution: Acceptance, Waiver & Consent(AWC)



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	11/17/2025
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Restitution Suspension
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	Yes
(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?	Yes
(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or	No



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

No

Sanction 1 of 1

Sanction Type: Suspension
Capacities Affected: All Capacities
Duration: Three Months
Start Date: 12/15/2025
End Date: 03/14/2026

Monetary Sanction 1 of 2

Monetary Related Sanction: Civil and Administrative Penalty(ies)/Fine(s)
Total Amount: \$5,000.00
Portion Levied against individual: \$5,000.00
Payment Plan:
Is Payment Plan Current:
Date Paid by individual: 12/09/2025
Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Restitution
Total Amount: \$5,640.00
Portion Levied against individual: \$5,640.00
Payment Plan: Plus Interest
Is Payment Plan Current:
Date Paid by individual:
Was any portion of penalty waived? No

**Amount Waived:**
.....

Reporting Source:	Individual
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Restitution Suspension
Date Initiated:	11/17/2025
Docket/Case Number:	2022074289901
Employing firm when activity occurred which led to the regulatory action:	Independence Capital Co. Inc.
Product Type:	Debt-Corporate
Allegations:	Sale of GWG I Bonds to three customers that were not in their Best Interest best on their liquid net worth.
Current Status:	Final
Resolution:	Acceptance, Waiver & Consent(AWC)
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	11/17/2025
Sanctions Ordered:	Restitution Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	REGISTEREED rEPRESENTAVIE
Duration:	3MONTHS
Start Date:	12/15/2025
End Date:	03/15/2026
Monetary Sanction 1 of 1	
Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$12,678.55
Portion Levied against individual:	\$12,678.55
Payment Plan:	
Is Payment Plan Current:	No
Date Paid by individual:	12/05/2025



Was any portion of penalty waived? No

Amount Waived:



Customer Dispute

This section provides information regarding a customer dispute that was reported to the Investment Adviser Registration Depository (IARD) by the Investment Adviser Representative (IAR), an investment adviser and/or securities firm, and/or a securities regulator. The event may include a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit that contains allegations of sales practice violations against the individual.

The customer dispute may be pending or may have resulted in a civil judgment, arbitration award, monetary settlement, closure without action, withdrawal, dismissal, denial, or other outcome.

Disclosure 1 of 1

Reporting Source:	Individual
Employing firm when activities occurred which led to the complaint:	INDEPENDENCE CAPITAL CO., INC.
Allegations:	A customer claimed purchased \$200,000 in GWG L-Bonds. The customer claims that Independence Capital allowed the transaction which the customer claims was unsuitable, despite his having served as Vice President of a credit union. Mr. Franko is not named as a respondent but the customer named him as his registered rep.
Product Type:	Debt-Corporate
Alleged Damages:	\$200,000.00
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 #:	26-01108
Filing date of arbitration/CFTC reparation or civil litigation:	05/13/2026

Customer Complaint Information

Date Complaint Received:	05/14/2026
Complaint Pending?	Yes
Settlement Amount:	
Individual Contribution Amount:	
Broker Statement	Mr. Franko was not named in an arbitration filed by a customer. The customer only named Independence Capital as the respondent.



End of Report

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