



IAPD Report

ANTHONY J RUSSO

CRD# 2276753

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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

ANTHONY J RUSSO (CRD# 2276753)

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 **05/30/2024**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	CRD# 7691	08/20/2008
IA	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	CRD# 7691	09/16/2008

QUALIFICATIONS

This representative is currently registered in **6** SRO(s) and **23** 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	JEFFERIES & COMPANY, INC.	2347	NEW YORK, NY	02/26/2003 - 04/17/2008
B	CREDIT SUISSE FIRST BOSTON LLC	816	NEW YORK, NY	01/22/1993 - 02/28/2003

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

DISCLOSURE INFORMATION

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

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

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1
Customer Dispute	5



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 **23** jurisdiction(s) and 6 SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**
Main Address: ONE BRYANT PARK
NEW YORK, NY 10036
Firm ID#: 7691

Regulator	Registration	Status	Date
B Cboe BYX Exchange, Inc.	General Securities Representative	Approved	05/15/2014
B Cboe BYX Exchange, Inc.	Securities Trader	Approved	01/04/2016
B Cboe BZX Exchange, Inc.	General Securities Representative	Approved	05/15/2014
B Cboe BZX Exchange, Inc.	Securities Trader	Approved	01/04/2016
B Cboe Exchange, Inc.	General Securities Representative	Approved	08/20/2008
B Cboe Exchange, Inc.	Securities Trader	Approved	01/04/2016
B FINRA	General Securities Representative	Approved	08/20/2008
B FINRA	Securities Trader	Approved	01/04/2016
B Nasdaq Stock Market	General Securities Representative	Approved	08/20/2008
B Nasdaq Stock Market	Securities Trader	Approved	01/04/2016
B New York Stock Exchange	General Securities Representative	Approved	08/20/2008
B New York Stock Exchange	Securities Trader	Approved	01/04/2016
B Arizona	Agent	Approved	12/06/2017



Qualifications

Regulator	Registration	Status	Date
B California	Agent	Approved	06/12/2012
B Colorado	Agent	Approved	02/25/2016
B Connecticut	Agent	Approved	08/20/2008
IA Connecticut	Investment Adviser Representative	Approved	09/16/2008
B Delaware	Agent	Approved	06/05/2024
B District of Columbia	Agent	Approved	02/15/2013
B Florida	Agent	Approved	08/20/2008
B Georgia	Agent	Approved	08/20/2008
B Illinois	Agent	Approved	01/15/2014
B Iowa	Agent	Approved	06/05/2017
B Maryland	Agent	Approved	09/29/2014
B Massachusetts	Agent	Approved	03/11/2019
B New Hampshire	Agent	Approved	12/07/2018
B New Jersey	Agent	Approved	08/20/2008
B New York	Agent	Approved	08/20/2008
IA New York	Investment Adviser Representative	Approved	04/06/2021
B North Carolina	Agent	Approved	03/03/2010
B Oregon	Agent	Approved	09/15/2021
B Pennsylvania	Agent	Approved	09/09/2010



Qualifications

Regulator	Registration	Status	Date
B Rhode Island	Agent	Approved	07/28/2020
B South Carolina	Agent	Approved	10/26/2018
B Tennessee	Agent	Approved	12/04/2020
B Texas	Agent	Approved	07/26/2017
IA Texas	Investment Adviser Representative	Restricted Approval	07/13/2017
B Virginia	Agent	Approved	08/20/2008

Branch Office Locations

**MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED**
1325 FRANKLIN AVE
GARDEN CITY, NY 11530



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





Principal/Supervisory Exams

Exam	Category	Date
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No information reported.




General Industry/Product Exams

Exam	Category	Date
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 Securities Trader Exam (S57TO)	Series 57TO	01/02/2023
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 Limited Representative-Equity Trader Exam (S55)	Series 55	04/06/2000
 General Securities Representative Examination (S7)	Series 7	01/20/1993

State Securities Law Exams

Exam	Category	Date
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  Uniform Combined State Law Examination (S66)	Series 66	09/12/2008
 Uniform Securities Agent State Law Examination (S63)	Series 63	12/11/1997

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	02/26/2003 - 04/17/2008	JEFFERIES & COMPANY, INC.	CRD# 2347	NEW YORK, NY
B	01/22/1993 - 02/28/2003	CREDIT SUISSE FIRST BOSTON LLC	CRD# 816	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
12/2009 - Present	BANK OF AMERICA, NA	FINANCIAL ADVISOR	Y	GARDEN CITY, NY, United States
08/2008 - Present	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	FINANCIAL ADVISOR	Y	GARDEN CITY, NY, United States

OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the representative regarding other business activities the representative is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt.

No information reported.



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

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

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

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

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

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

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

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



DISCLOSURE EVENT DETAILS

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

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

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1
Customer Dispute	5

Regulatory Event

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

Disclosure 1 of 1

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 04/14/2011

Docket/Case Number: [2008013863701](#)

Employing firm when activity occurred which led to the regulatory action: JEFFERIES & COMPANY, INC.

Product Type: Other: STUDENT LOAN, MUNICIPAL, AND PREFERRED ARS

Allegations: NASD RULES 2110 AND MSRB RULE G-17: RUSSO'S MEMBER FIRM ACTED AS A "DOWNSTREAM" BROKER OF AUCTION RATE SECURITIES (ARS) AND SOLD IN EXCESS OF ONE BILLION DOLLARS OF STUDENT LOAN, MUNICIPAL, AND PREFERRED ARS TO CUSTOMERS. SHORTLY AFTER MOST OF THE ARS MARKETS HAD BECOME ILLIQUID, APPROXIMATELY \$845 MILLION OF ARS WAS HELD IN ACCOUNTS AT THE FIRM, APPROXIMATELY \$659 MILLION OF WHICH WAS HELD BY ITS CORPORATE CASH MANAGEMENT (CCM) GROUP CUSTOMERS. RUSSO FOUNDED AND BECAME CO-HEAD OF THE CCM GROUP, WHICH PROVIDED INVESTMENT ADVICE, RECOMMENDATIONS AND BROKERAGE SERVICES FOR CORPORATE CLIENTS WITH SHORT-TERM INVESTMENT PORTFOLIOS. BECAUSE RUSSO AND ANOTHER REGISTERED REPRESENTATIVE EXERCISED DISCRETION IN SELECTING WHICH PARTICULAR ARS TO BUY AND SELL FOR THE DISCRETIONARY CLIENTS, THE FIRM RUSSO AND THE REGISTERED REPRESENTATIVE BECAME OBLIGATED BUT FAILED TO DISCLOSE TO THE DISCRETIONARY CLIENTS MATERIAL FACTS RELATING



TO EACH COMPLETED TRANSACTION, SPECIFICALLY THE ADDITIONAL COMPENSATION THEY EARNED ON PURCHASES OF NEW ISSUE ARS, THE DUAL ROLE THEY PLAYED IN EFFECTING TRANSACTIONS BETWEEN THE DISCRETIONARY CLIENTS' ACCOUNTS AND OTHER CORPORATE CASH MANAGEMENT CLIENTS, AND THE EXISTENCE OF ARS THAT PROVIDED HIGHER YIELDS AT THE TIME THEY COMPLETED THE NEW ISSUE AND INTER-CLIENT TRANSACTIONS. IN EFFECTING NEW ISSUE PURCHASES, RUSSO FAILED TO DISCLOSE THAT HE WAS OBTAINING ADDITIONAL COMPENSATION ON THESE TRANSACTIONS AND THAT COMPARABLE OR SIMILAR ARS WERE AVAILABLE THAT PAID A HIGHER RATE OF INTEREST. IN CONDUCTING INTER-CLIENT PURCHASES, RUSSO FAILED TO DISCLOSE THE CONFLICT ASSOCIATED WITH HIS ROLE AS AGENT FOR BOTH THE SELLING AND PURCHASING CUSTOMERS, INCLUDING IN 21 INSTANCES IN WHICH THE CCM GROUP EXERCISED DISCRETION NOT ONLY FOR THE BUYING CUSTOMER BUT FOR THE SELLING CUSTOMER AS WELL AND THAT COMPARABLE OR SIMILAR ARS WERE AVAILABLE THAT PAID A HIGHER RATE OF INTEREST AT THE TIME.

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: 04/14/2011

Sanctions Ordered: Civil and Administrative Penalty(ies)/Fine(s)
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? No

(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?



(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

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

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	ALL CAPACITIES
Duration:	FIVE BUSINESS DAYS
Start Date:	05/02/2011
End Date:	05/06/2011

Monetary Sanction 1 of 1

Monetary Related Sanction:	Civil and Administrative Penalty(ies)/Fine(s)
Total Amount:	\$20,000.00
Portion Levied against individual:	\$20,000.00
Payment Plan:	
Is Payment Plan Current:	Yes
Date Paid by individual:	04/28/2011
Was any portion of penalty waived?	No

**Amount Waived:****Regulator Statement**

WITHOUT ADMITTING OR DENYING THE FINDINGS, RUSSO CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE HE IS FINED \$20,000 (\$10,000 OF WHICH PERTAINS TO THE VIOLATION OF MSRB RULE G-17) AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ALL CAPACITIES FOR FIVE BUSINESS DAYS. THE SUSPENSION IS IN EFFECT FROM MAY 2, 2011 THROUGH MAY 6, 2011.

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Reporting Source:

Firm

Regulatory Action Initiated By:

FINRA

Sanction(s) Sought:

Censure
Civil and Administrative Penalty(ies)/Fine(s)
Suspension

Date Initiated:

04/14/2011

Docket/Case Number:[2008013863701](#)**Employing firm when activity occurred which led to the regulatory action:**

JEFFERIES & COMPANY, INC.

Product Type:

Other: AUCTION RATE SECURITIES

Allegations:

MADE NEGLIGENT OMISSIONS OF MATERIAL FACTS TO INVESTORS RELATING TO ARS VIOLATING NASD RULE 2110 AND MSRB RULE G-17.

Current Status:

Final

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

04/14/2011

Sanctions Ordered:

Censure
Civil and Administrative Penalty(ies)/Fine(s)
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?

No



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

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

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	ALL CAPACITIES
Duration:	5 BUSINESS DAYS
Start Date:	05/02/2011



End Date: 05/06/2011

Monetary Sanction 1 of 1

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

Total Amount: \$20,000.00

Portion Levied against individual: \$20,000.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 04/26/2011

Was any portion of penalty waived? No

Amount Waived:

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Reporting Source: Individual

Regulatory Action Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Sanction(s) Sought: Other: N/A

Date Initiated: 04/14/2011

Docket/Case Number: [2008013863701](#)

Employing firm when activity occurred which led to the regulatory action: JEFFRIES & COMPANY, INC.

Product Type: Other: STUDENT LOAN, MUNICIPAL , AND PREFERRED ARS

Allegations: NASD RULES 2110 AND MSRB RULE G-17: RUSSO'S MEMBER FIRM ACTED AS A "DOWNSTREAM" BROKER OF AUCTION RATE SECURITIES (ARS) AND SOLD IN EXCESS OF ONE BILLION DOLLARS OF STUDENT LOAN, MUNICIPAL, AND PREFERRED ARS TO CUSTOMERS. SHORTLY AFTER MOST OF THE ARS MARKETS HAD BECOME ILLIQUID, APPROXIMATELY \$845 MILLION OF ARS WAS HELD IN ACCOUNTS AT THE FIRM, APPROXIMATELY \$659 MILLION OF WHICH WAS HELD BY ITS CORPORATE CASH MANAGEMENT (CCM) GROUP CUSTOMERS. RUSSO FOUNDED AND BECAME CO-HEAD OF THE CCM GROUP, WHICH PROVIDED INVESTMENT ADVICE, RECOMMENDATIONS AND BROKERAGE SERVICES FOR CORPORATE CLIENTS WITH SHORT-TERM INVESTMENT PORTFOLIOS. BECAUSE RUSSO AND ANOTHER REGISTERED REPRESENTATIVE EXERCISED DISCRETION IN SELECTING WHICH PARTICULAR ARS TO BUY AND SELL FOR THE DISCRETIONARY CLIENTS, THE FIRM RUSSO AND THE REGISTERED REPRESENTATIVE BECAME OBLIGATED BUT FAILED TO DISCLOSE TO THE DISCRETIONARY CLIENTS MATERIAL FACTS RELATING TO EACH COMPLETED TRANSACTION,



SPECIFICALLY THE ADDITIONAL COMPENSATION THEY EARNED ON PURCHASES OF NEW ISSUE ARS, THE DUAL ROLE THEY PLAYED IN EFFECTING TRANSACTIONS BETWEEN THE DISCRETIONARY CLIENTS' ACCOUNTS AND OTHER CORPORATE CASH MANAGEMENT CLIENTS, AND THE EXISTENCE OF ARS THAT PROVIDED HIGHER YIELDS AT THE TIME THEY COMPLETED THE NEW ISSUE AND INTER-CLIENT TRANSACTIONS. IN EFFECTING NEW ISSUE PURCHASES, RUSSO FAILED TO DISCLOSE THAT HE WAS OBTAINING ADDITIONAL COMPENSATION ON THESE TRANSACTIONS AND THAT COMPARABLE OR SIMILAR ARS WERE AVAILABLE THAT PAID A HIGHER RATE OF INTEREST. IN CONDUCTING INTER-CLIENT PURCHASES, RUSSO FAILED TO DISCLOSE THE CONFLICT ASSOCIATED WITH HIS ROLE AS AGENT FOR BOTH THE SELLING AND PURCHASING CUSTOMERS, INCLUDING IN 21 INSTANCES IN WHICH THE CCM GROUP EXERCISED DISCRETION NOT ONLY FOR THE BUYING CUSTOMER BUT FOR THE SELLING CUSTOMER AS WELL AND THAT COMPARABLE OR SIMILAR ARS WERE AVAILABLE THAT PAID A HIGHER RATE OF INTEREST AT THE TIME.

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: 04/14/2011

Sanctions Ordered: Civil and Administrative Penalty(ies)/Fine(s)
Suspension

Sanction 1 of 1

Sanction Type: Suspension

Capacities Affected: ALL CAPACITIES

Duration: FIVE BUSINESS DAYS

Start Date: 05/02/2011

End Date: 05/06/2011

Monetary Sanction 1 of 1

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

Total Amount: \$20,000.00

Portion Levied against individual: \$20,000.00

Payment Plan:

Is Payment Plan Current: No



Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Broker Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, RUSSO CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE HE IS FINED \$20,000 (\$10,000 OF WHICH PERTAINS TO THE VIOLATION OF MSRB RULE G-17) AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ALL CAPACITIES FOR FIVE BUSINESS DAYS. THE SUSPENSION IS IN EFFECT FROM MAY 2, 2011 THROUGH MAY 6, 2011.



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 5

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC.

Allegations: THE CLIENT ALLEGED WE DID NOT ADEQUATELY DISCLOSE THE ILLIQUIDITY RISK CONCERNING AUCTION RATE SECURITIES.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$16,000,000.00

Alleged Damages Amount Explanation (if amount not exact): IN EXXCESS OF.

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 #: 12-01693

Filing date of arbitration/CFTC reparation or civil litigation: 06/05/2012

Customer Complaint Information

Date Complaint Received: 06/11/2012

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for claimants/plaintiffs)

Status Date: 09/16/2013

Settlement Amount: \$7,000,000.00

Individual Contribution Amount: \$0.00

Firm Statement THE ARBITRATION AWARD CONTAINED NO FINDINGS OR DETERMINATIONS SPECIFIC TO MR. RUSSO, AND MR. RUSSO WAS NOT HELD LIABLE FOR ANY PORTION OF THE AWARDED DAMAGES.

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Reporting Source: Individual

Employing firm when JEFFERIES & COMPANY, INC.

**activities occurred which led to the complaint:**

Allegations: THE CLIENT ALLEGED WE DID NOT ADEQUATELY DISCLOSE THE ILLIQUIDITY RISK CONCERNING AUCTION RATE SECURITIES.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$16,000,000.00

Alleged Damages Amount Explanation (if amount not exact): IN EXCESS OF

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 #: 12-01693

Filing date of arbitration/CFTC reparation or civil litigation: 06/05/2012

Customer Complaint Information

Date Complaint Received: 06/11/2012

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for claimants/plaintiffs)

Status Date: 09/16/2013

Settlement Amount: \$7,000,000.00

Individual Contribution Amount: \$0.00

Broker Statement THE ARBITRATION AWARD CONTAINED NO FINDINGS OR DETERMINATIONS SPECIFIC TO MR. RUSSO, AND MR. RUSSO WAS NOT HELD LIABLE FOR ANY PORTION OF THE AWARDED DAMAGES.

Disclosure 2 of 5

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC.

Allegations: CLIENT ALLEGES THAT MR. RUSSO DID NOT ADEQUATELY DISCLOSE THE RISKS CONCERNING AUCTION RATE SECURITIES.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$21,000,000.00

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 #: 12-02039

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 06/07/2012

Customer Complaint Information

Date Complaint Received: 06/12/2012

Complaint Pending? No

Status: Settled

Status Date: 09/20/2013

Settlement Amount: \$337,500.00

**Individual Contribution
Amount:** \$0.00

Reporting Source: Individual

**Employing firm when
activities occurred which led
to the complaint:** JEFFERIES & COMPANY, INC.

Allegations: CLIENT ALLEGES THAT MR. RUSSO DID NOT ADEQUATELY DISCLOSE THE RISKS CONCERNING AUCTION RATE SECURITIES.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$21,000,000.00

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 #: 12-02039

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 06/07/2012

Customer Complaint Information

Date Complaint Received: 06/12/2012

Complaint Pending? No

Status: Settled

Status Date: 09/20/2013

Settlement Amount: \$337,500.00



Individual Contribution Amount: \$0.00

Disclosure 3 of 5

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC

Allegations: CLIENT, A PUBLICLY TRADED COMPANY, ALLEGES THAT REPRESENTATIVE DID NOT PROPERLY DISCLOSE RISKS OF INVESTING IN AUCTION RATE SECURITIES, WHICH CLIENT ALLEGES WERE UNSUITABLE.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$54,050,000.00

Arbitration Information

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

Docket/Case #: 10-00656

Date Notice/Process Served: 02/19/2010

Arbitration Pending? No

Disposition: Settled

Disposition Date: 03/01/2012

Monetary Compensation Amount: \$0.00

Individual Contribution Amount: \$0.00

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC

Allegations: CLIENT, A PUBLICLY TRADED COMPANY, ALLEGES THAT REPRESENTATIVE DID NOT PROPERLY DISCLOSE RISKS OF INVESTING IN AUCTION RATE SECURITIES, WHICH CLIENT ALLEGES WERE UNSUITABLE.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$54,050,000.00

Arbitration Information

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

Docket/Case #: 10-00656

Date Notice/Process Served: 02/19/2010

Arbitration Pending? No



Disposition: Settled
Disposition Date: 03/01/2012
Monetary Compensation Amount: \$0.00
Individual Contribution Amount: \$0.00

Disclosure 4 of 5

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC

Allegations: CLIENT ALLEGED MISREPRESENTATION OF THE SAFETY IN LIQUIDITY OF AUCTION RATE SECURITIES AND THAT THEY WERE UNSUITABLE.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$8,610,000.00

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 #: 09-06138

Filing date of arbitration/CFTC reparation or civil litigation: 12/10/2009

Customer Complaint Information

Date Complaint Received: 12/14/2009

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for claimants/plaintiffs)

Status Date: 05/07/2012

Settlement Amount: \$1,824,121.00

Individual Contribution Amount: \$0.00

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC

Allegations: CLIENT ALLEGED MISREPRESENTATION OF THE SAFETY IN LIQUIDITY OF AUCTION RATE SECURITIES AND THAT THEY WERE UNSUITABLE.

Product Type: Other: AUCTION RATE SECURITIES



Alleged Damages: \$8,610,000.00

Is this an oral complaint? No

Is this a written complaint? Yes

**Is this an arbitration/CFTC
reparation or civil litigation?** No

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

Docket/Case #: 09-06138

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 12/10/2009

Customer Complaint Information

Date Complaint Received: 12/14/2009

Complaint Pending? No

Status: Arbitration Award/Monetary Judgment (for claimants/plaintiffs)

Status Date: 05/07/2012

Settlement Amount: \$1,824,121.00

**Individual Contribution
Amount:** \$0.00

Disclosure 5 of 5

Reporting Source: Firm

**Employing firm when
activities occurred which led
to the complaint:** JEFFERIES & COMPANY, INC

Allegations: SUNRISE SENIOR LIVING INSURANCE AN INSTITUTIONAL CLIENT ALLEGES THEY WERE NOT PROPERLY INFORMED OF THE LIQUIDITY RISKS OF AUCTION RATE SECURITIES ("ARS") AND THAT THE ACCOUNT EXECUTIVE MISREPRESENTED THE NATURE OF THE ARS AND FAILED TO ADEQUATELY ADVISE THE CUSTOMER OF THE IMPENDING PROBLEMS IN THE ARS MARKET.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$38,350,000.00

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 #: 09-05454

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 09/15/2009



Customer Complaint Information

Date Complaint Received: 10/15/2009
Complaint Pending? No
Status: Settled
Status Date: 12/19/2011
Settlement Amount: \$1,100,000.00
Individual Contribution Amount: \$0.00

Firm Statement THE COMPLAINT AROSE IN PART AS A RESULT OF THE UNPRECEDENTED ILLIQUIDITY IN THE AUCTION RATE SECURITIES MARKET, WHICH UNTIL NOW HAS EXISTED FOR OVER TWENTY YEARS WITHOUT SIGNIFICANT DISRUPTION. RECENT FAILED AUCTIONS HAVE LED TO AN INDUSTRY-WIDE PROBLEM AFFECTING ALL INVESTORS WHO HOLD THESE SECURITIES, OVER WHICH THE FINANCIAL ADVISOR DID NOT HAVE CONTROL.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: JEFFERIES & COMPANY, INC.

Allegations: [customer] AN INSTITUTIONAL CLIENT ALLEGES THEY WERE NOT PROPERLY INFORMED OF THE LIQUIDITY RISKS OF AUCTION RATE SECURITIES ("ARS") AND THAT THE ACCOUNT EXECUTIVE MISREPRESENTED THE NATURE OF THE ARS AND FAILED TO ADEQUATELY ADVISE THE CUSTOMER OF THE IMPENDING PROBLEMS IN THE ARS MARKET.

Product Type: Other: AUCTION RATE SECURITIES

Alleged Damages: \$38,350,000.00

Is this an oral complaint? No

Is this a written complaint? Yes

Is this an arbitration/CFTC reparation or civil litigation? No

Arbitration/Reparation forum or court name and location: FINRA

Docket/Case #: 09-05454

Filing date of arbitration/CFTC reparation or civil litigation: 09/15/2009

Customer Complaint Information

Date Complaint Received: 10/15/2009
Complaint Pending? No
Status: Settled
Status Date: 12/19/2011



Settlement Amount: \$1,100,000.00

Individual Contribution Amount: \$0.00

Broker Statement

THE COMPLAINT AROSE IN PART AS A RESULT OF THE UNPRECEDENTED ILLIQUIDITY IN THE AUCTION RATE SECURITIES MARKET, WHICH UNTIL NOW HAS EXISTED FOR OVER TWENTY YEARS WITHOUT SIGNIFICANT DISRUPTION. RECENT FAILED AUCTIONS HAVE LED TO AN INDUSTRY-WIDE PROBLEM AFFECTING ALL INVESTORS WHO HOLD THESE SECURITIES, OVER WHICH THE FINANCIAL ADVISOR DID NOT HAVE CONTROL.



End of Report

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