



IAPD Report

JEFFREY PAUL DAVIS

CRD# 2501354

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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

JEFFREY PAUL DAVIS (CRD# 2501354)

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 **03/13/2025**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	KOVACK SECURITIES INC.	CRD# 44848	11/01/2013
IA	KOVACK ADVISORS, INC.	CRD# 140808	11/04/2013

QUALIFICATIONS

This representative is currently registered in **2** SRO(s) and **8** 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	HARVEST CAPITAL ADVISORS, LLC	125920	WETHERSFIELD, CT	09/06/2002 - 11/01/2013
B	HARVEST CAPITAL LLC	35723	WETHERSFIELD, CT	07/11/2001 - 11/01/2013
B	NATIONAL PLANNING CORPORATION	29604	LOS ANGELES, CA	06/28/2000 - 01/11/2001

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	10
Termination	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 8 jurisdiction(s) and 2 SRO(s) through his or her employer(s).

Employment 1 of 2

Firm Name: **KOVACK SECURITIES INC.**
Main Address: 6451 N. FEDERAL HWY.
SUITE 1201
FT. LAUDERDALE, FL 33308
Firm ID#: 44848

Regulator	Registration	Status	Date
B FINRA	General Securities Principal	Approved	11/01/2013
B FINRA	General Securities Representative	Approved	11/01/2013
B FINRA	Invest. Co and Variable Contracts	Approved	11/01/2013
B Nasdaq Stock Market	General Securities Principal	Approved	11/01/2013
B Nasdaq Stock Market	General Securities Representative	Approved	11/01/2013
B Connecticut	Agent	Approved	11/19/2013
B Florida	Agent	Approved	11/05/2013
B Georgia	Agent	Approved	11/01/2013
B Illinois	Agent	Approved	11/04/2013
B New York	Agent	Approved	12/19/2013
B North Carolina	Agent	Approved	01/06/2017
B South Carolina	Agent	Approved	10/26/2022
B West Virginia	Agent	Approved	06/01/2023



Qualifications

Branch Office Locations

RK ADVISORS
BRISTOL, CT

Employment 2 of 2

Firm Name: **KOVACK ADVISORS, INC.**
Main Address: 6451 N. FEDERAL HWY
SUITE 1201
FT. LAUDERDALE, FL 33308
Firm ID#: 140808

Regulator	Registration	Status	Date
IA Connecticut	Investment Adviser Representative	Approved	11/19/2013
IA Illinois	Investment Adviser Representative	Approved	11/04/2013

Branch Office Locations

KOVACK ADVISORS, INC.
BRISTOL, CT




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



Principal/Supervisory Exams

	Exam	Category	Date
	General Securities Principal Examination (S24)	Series 24	12/24/1996

General Industry/Product Exams

	Exam	Category	Date
	Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
	General Securities Representative Examination (S7)	Series 7	08/26/1996
	Investment Company Products/Variable Contracts Representative Examination (S6)	Series 6	06/21/1994

State Securities Law Exams

	Exam	Category	Date
	Uniform Investment Adviser Law Examination (S65)	Series 65	07/28/2001
	Uniform Securities Agent State Law Examination (S63)	Series 63	03/06/1996

PROFESSIONAL DESIGNATIONS

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

No information reported.



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
IA	09/06/2002 - 11/01/2013	HARVEST CAPITAL ADVISORS, LLC	CRD# 125920	WETHERSFIELD, CT
B	07/11/2001 - 11/01/2013	HARVEST CAPITAL LLC	CRD# 35723	WETHERSFIELD, CT
B	06/28/2000 - 01/11/2001	NATIONAL PLANNING CORPORATION	CRD# 29604	LOS ANGELES, CA
B	11/22/1995 - 06/29/2000	INVEST FINANCIAL CORPORATION	CRD# 12984	APPLETON, WI
B	06/22/1994 - 10/24/1995	METLIFE SECURITIES INC.	CRD# 14251	SPRINGFIELD, MA
B	06/22/1994 - 10/24/1995	METROPOLITAN LIFE INSURANCE COMPANY	CRD# 4095	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
11/2013 - Present	KOVACK ADVISORS, INC.	INVESTMENT ADVISOR REP	Y	FORT LAUDERDALE, FL, United States
11/2013 - Present	KOVACK SECURITIES, INC.	REGISTERED REPRESENTATIVE	Y	FORT LAUDERDALE, FL, United States
07/2001 - Present	INSURANCE AGENT APPOINTED WITH VARIOUS CARRIERS	INDEPENDENT AGENT	Y	WETHERSFIELD, CT, United States

OTHER BUSINESS ACTIVITIES

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

- 1) DBA: DAVIS FINANCIAL - 71 SUFFOLK PLACE BRISTOL CT, 06010; DBA/INVESTMENTS; INVESTMENT RELATED; FINANCIAL ADVISOR; ADVISE CLIENTS ON INVESTMENTS; 75% OF TIME SPENT
- 2) FIXED INSURANCE SALES - 71 SUFFOLK PLACE, BRISTOL, CT 06010; FIXED INSURANCE SALES THROUGH APPROVED KOVACK SECURITIES GENERAL AGENCIES; NON INVESTMENT RELATED; INSURANCE AGENT; PROVIDING LIFE INSURANCE AND FIXED INSURANCE PRODUCTS TO MY CLIENTS; 5% OF TIME SPENT
- 3) BRISTOL SOCCER CLUB- 411 EMMETT ST BRISTOL, CT 06010; NON-INVESTMENT RELATED; VOLUNTEER COACHING; COACH; 3% OF TIME SPENT.



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	10
Termination	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 1

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 04/05/2017

Docket/Case Number: [2013039456301](#)

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

Product Type: Other: REITs

Allegations: Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he recommended and effected unsuitable transactions in the accounts of customers by over-concentrating their assets in illiquid non-traded REITs. The findings stated that the investments totaled \$566,000, and represented between approximately 30% and 52% of the customers' liquid net worth. These excessive concentrations in illiquid investments were unsuitable in light of the customers' financial situations, risk tolerances and investment objectives.

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:

04/05/2017

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: one month
Start Date: 05/01/2017
End Date: 05/31/2017

Monetary Sanction 1 of 1

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: 05/18/2017
Was any portion of penalty waived? No

Amount Waived:

.....
Reporting Source: Individual
Regulatory Action Initiated By: FINRA
Sanction(s) Sought: Other: N/A
Date Initiated: 04/05/2017
Docket/Case Number: [2013039456301](#)
Employing firm when activity occurred which led to the regulatory action: Harvest Capital, LLC



Product Type:	Other: REITs
Allegations:	Without admitting or denying the findings, Davis consented to the sanctions and to the entry of findings that he recommended and effected unsuitable transactions in the accounts of customers by over-concentrating their assets in illiquid non-traded REITs. The findings stated that the investments totaled \$566,000, and represented between approximately 30% and 52% of the customers' liquid net worth. These excessive concentrations in illiquid investments were unsuitable in light of the customers' financial situations, risk tolerances and investment objectives.
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:	04/05/2017
Sanctions Ordered:	Civil and Administrative Penalty(ies)/Fine(s) Suspension
Sanction 1 of 1	
Sanction Type:	Suspension
Capacities Affected:	All capacities
Duration:	One month
Start Date:	05/01/2017
End Date:	05/31/2017
Monetary Sanction 1 of 1	
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:	
Was any portion of penalty waived?	No
Amount Waived:	
Broker Statement	The actions taken against me were based on transactions placed for three different clients between 2006 and 2012. All of these clients remain clients of mine. There were no complaints by these clients about the transactions in question or any other products that they have purchased through me as a financial advisor, agent, or financial representative. Every transaction that was submitted was approved by my supervisor or firm's compliance department. I believed that each transaction was in the best interest of my clients. All of these transactions were affected in accordance with what I believed were the written supervisory procedures that were in effect at the firm at that time. My former sponsoring Broker-Dealer is out of



business. It was never disciplined in any way as a result of these transactions.



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 10

Reporting Source:	Individual
Employing firm when activities occurred which led to the complaint:	Kovack Securities, Inc.
Allegations:	Client alleges unsuitability of a fixed index annuity and mutual funds and the overconcentration of REITs in her account.
Product Type:	Annuity-Fixed Mutual Fund Real Estate Security
Alleged Damages:	\$5,380.77
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:	06/10/2019
Complaint Pending?	No
Status:	Settled
Status Date:	01/13/2020
Settlement Amount:	\$4,814.71
Individual Contribution Amount:	\$4,814.71
Broker Statement	Representative vehemently denies the allegations made by the claimant. The investments were purchased by the client as she sought investments that provided preservation of capital and capital appreciation. Representative maintains that the clients investments have performed well and are suitable based on her goals and investment profile.

Disclosure 2 of 10

Reporting Source:	Individual
Employing firm when activities occurred which led to the complaint:	HARVEST CAPITAL LLC
Allegations:	CLIENT DIDN'T UNDERSTAND THE INVESTMENT
Product Type:	Other: REAL ESTATE INVESTMENT TRUST
Alleged Damages:	\$0.00



Alleged Damages Amount Explanation (if amount not exact): CLIENT CLAIMS SHE DIDN'T UNDERSTAND THE INVESTMENT DUE TO LIMITED COMMAND OF ENGLISH.

Is this an oral complaint? Yes

Is this a written complaint? No

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

Customer Complaint Information

Date Complaint Received: 03/01/2012

Complaint Pending? No

Status: Settled

Status Date: 11/21/2013

Settlement Amount: \$24,778.95

Individual Contribution Amount: \$22,778.95

Broker Statement THE INVESTMENT WAS CLEARLY EXPLAINED TO THE CLIENT, BUT WHEN THE INVESTMENT PERFORMED POORLY, THE CLIENT CLAIMED TO HAVE NOT UNDERSTOOD IT. I ENTERED INTO A SETTLEMENT AGREEMENT AT THE SUGGESTION OF THE CONNECTICUT BANKING DEPARTMENT SO THAT ANY REGULATORY ACTION MIGHT BE AVOIDED. THE STATUTE OF LIMITATIONS AND ELIGIBILITY PERIODS HAD RUN AND THE CLIENT WAS UNABLE TO BRING ANY ACTION; HOWEVER, I DIDN'T WANT AN UNHAPPY CLIENT.

Disclosure 3 of 10

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: HARVEST CAPITAL LLC

Allegations: CLIENT HAS SEVERAL ISSUES. HE HAS A PROBLEM W/THE IRA FEE DEDUCTED. HE HAS A PROBLEM WITH THE DIVIDENDS BEING SUSPENDED AND THEN REINSTATED. KBS TOLD HIM DIRECTLY THAT HE COULD REDEEM IF HE WAS DISABLED. HE HAS BEEN UNHAPPY ABOUT THE REITS FOR A WHILE AND HAS MADE OTHER COMPLAINTS.

Product Type: Real Estate Security

Alleged Damages: \$60,240.00

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: 04/11/2012

Complaint Pending? No



Status: Closed/No Action

Status Date: 07/11/2013

Settlement Amount:

Individual Contribution Amount:

Broker Statement

THE REPRESENTATIVE CONTINUES TO WORK CLOSELY WITH THE CLIENT. CORRESPONDENCE SENT TO THE CLIENT BY THE FIRM ON 7/11/2013 ADVISING THEM THAT THEY MAY CONTACT THE FIRM WITH ANY FURTHER QUESTIONS OR ISSUES.

Disclosure 4 of 10

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: HARVEST CAPITAL LLC

Allegations: ON 10-8-2008 CLIENT PURCHASED \$39,500 CORNERSTONE CORE PROPERTIES AND \$39,500 CORNERSTONE GROWTH AND INCOME (AKA CORNERSTONE HEALTHCARE AKA SENTIO HEALTHCARE) CLIENT HAD OWNED WELLS REIT, DIVIDEND CAPITAL WHICH PAID IN FULL AND HE ROLLED INTO KBS I 1/24/07 WHICH RESULTED IN A \$20,000 PROFIT. THE \$39,500 CAME FROM AN ESOP DISTRIBUTION. CLIENT HAS BEEN DISSATISFIED SINCE EARLY LAST YEAR WITH THE ECONOMY DOWNTURN WHICH AFFECTED REAL ESTATE. REPRESENTATIVE JEFF DAVIS SPOKE WITH CLIENT SEVERAL TIMES OVER THE PAST YEAR. [CUSTOMER] HAS BEEN A CLIENT OF MR. DAVIS SINCE 2001, HE IS AN ENGINEER AND READS ALL THE PAPERWORK, EVEN THE PROSPECTUS. HE IS WELL INFORMED OF REITS RISKS AND REWARDS. [CUSTOMER] BOUGHT HIS FIRST REIT THE WELLS IN 3/26/2002. WHEN THE CORNERSTONE REIT REPRICED ON 2/23/12 CLIENT CALLED JEFF AND ADVISED JEFF THAT HE THOUGHT "CORNERSTONE WAS A PONZI SCHEME" AND THAT HE FILED A COMPLAINT ONLINE WITH THE SEC. OUR CCO RECEIVED THE COMPLAINT FROM THE SEC ON MARCH 12. IT WAS FILE #: HO::~-00197416~-::HO.

Product Type: Real Estate Security

Alleged Damages: \$79,000.00

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: 03/12/2012

Complaint Pending? No

Status: Closed/No Action

Status Date: 07/11/2013

Settlement Amount:

Individual Contribution Amount:

**Broker Statement**

[CUSTOMER'S] COMPLAINT IS UNFAIRLY CRITICAL OF MR. DAVIS, AND HIS DECISION TO COMPLAIN ABOUT HIS INVESTMENT IN CORNERSTONE WAS PREMATURE. [CUSTOMER] FAILS TO MENTION THAT HIS INVESTMENT IN CORNERSTONE CORE WAS A SMALL FRACTION OF HIS SIGNIFICANT NET WORTH -- A NET WORTH HE HAS ESTIMATED AT VARYING TIMES TO BE AS HIGH AS \$1,000,000.

[CUSTOMER] AND [SPOUSE] ARE SAVVY AND EXPERIENCED INVESTORS, AS A REVIEW OF THEIR INVESTING HISTORY REVEALS. THEY HAVE BEEN INVESTING A PORTION OF THEIR ASSETS IN REITS AT LEAST SINCE THEIR FIRST PURCHASE INTO THE WELLS I REIT OF \$15,000 IN MARCH 2002. THE NEW ACCOUNT FORM WHICH THEY SUBMITTED TO HARVEST CAPITAL, LLC, AND WHICH THEY BOTH SIGNED, INDICATES THEIR NET WORTH AT THAT TIME WAS BETWEEN 100,000 - 500,000.

[CUSTOMER] AND [SPOUSE] HAVE APPROXIMATELY 10 YEARS INVESTMENT EXPERIENCE IN REAL ESTATE INVESTMENT TRUSTS (REITS). [CUSTOMER] HAS INVESTED AND RE-INVESTED A PORTION OF HIS ASSETS INTO REITS NOT ONLY FOR POTENTIAL PROFIT BUT ALSO FOR THE HIGH RATE OF INCOME REITS OFFER. THE NEW ACCOUNT FORMS WHICH [CUSTOMER] SIGNED CONSISTENTLY REFLECTED A MODERATE RISK TOLERANCE, AND A 10+ YEAR TIME HORIZON, BOTH OF WHICH COINCIDE WITH THE OBJECTIVES OF REIT INVESTMENT.

IN CONCLUSION, [CUSTOMER] HAS BEEN A CLIENT OF MR. DAVIS FOR MANY YEARS, AND UNTIL THE RECENT DEVELOPMENTS SURROUNDING THE CORNERSTONE REITS, [CUSTOMER] HAS NEVER COMPLAINED TO MR. DAVIS REGARDING HIS INVESTMENTS IN REITS. WE BELIEVE THAT THE REITS HE PURCHASED TO DATE HAVE PERFORMED AS BOTH HE AND MR. DAVIS EXPECTED, HOWEVER CERTAIN INVESTMENTS DO NOT LIVE UP TO A CLIENTS, OR A REPRESENTATIVES, EXPECTATIONS, AND CLIENTS TEND TO FORGET, OR IGNORE, THE ASSOCIATED RISKS. IN OUR OPINION, THIS IS WHAT HAPPENED WITH [CUSTOMER] -- OVER THE COURSE OF MANY YEARS HE RECEIVED PROFITS, HIGHER INCOME, AND EXCELLENT PERFORMANCE ON REIT INVESTMENTS -- WHICH HAS PERHAPS CREATED AN UNREALISTIC EXPECTATION IN [CUSTOMER] AND [SPOUSE] THAT ALL REITS WOULD CONTINUE TO SO PERFORM REGARDLESS OF THE REALITIES OF THE REAL ESTATE MARKET, THE STOCK MARKET AND/OR THE ECONOMY. FURTHER, [CUSTOMER] LODGED HIS COMPLAINT A SCANT FEW HOURS AFTER THE FIRST SIGN OF TROUBLE FROM CORNERSTONE. WE ARE ADVISED BY CORNERSTONE THAT IT IS TAKING STEPS ITS MANAGEMENT BELIEVES NECESSARY FOR LONG-TERM VIABILITY AND TO REALIZE THEIR LONG-TERM GOALS.

[CUSTOMER] SIGNED OUR FIRM'S REIT DISCLOSURE FORM. MR. DAVIS STATES THAT THEY HAD MANY DISCUSSIONS CONCERNING REITS AND THE RISKS ASSOCIATED, AND [CUSTOMER] ACKNOWLEDGED TO HIM THAT HE READ THE PROSPECTUS AND HE WAS AND IS WELL AWARE OF THE RISKS INVOLVED IN THE PURCHASE OF REITS. AS THE INFORMATION ABOVE REVEALS, [CUSTOMER] WAS WELL INFORMED REGARDING, AND VERY EXPERIENCED WITH, REIT INVESTMENT PRODUCTS. ANY POTENTIAL LOSS HE MAY SUSTAIN WITH CORNERSTONE IS A SMALL FRACTION OF HIS NET WORTH. THERE IS NO EVIDENCE WHATSOEVER OF ANY IMPROPER ACT ON THE PART OF MR. DAVIS IN HIS SERVICE TO [CUSTOMER] AND [SPOUSE]. AS TO [CUSTOMER'S] BELIEF THAT CORNERSTONE IS A "PONZI SCHEME", WE CANNOT COMMENT AS NEITHER WE NOR MR. DAVIS HAVE ANY FIRST HAND KNOWLEDGE, OR EVIDENCE, THAT WOULD LEAD US TO BELIEVE THIS TO BE THE CASE. [CUSTOMER] WAS A LONGSTANDING CLIENT OF HARVEST CAPITAL AND MR. DAVIS AND WE ARE SORRY THAT HE CHOSE TO COMPLAINT, AND TO MOVE HIS ACCOUNTS, BUT WE FEEL THAT NEITHER MR. DAVIS, NOR THE FIRM, HAS VIOLATED ANY SALES PRACTICE OR SUITABILITY RULES.



JULY 2013 - CLIENT SENT CORRESPONDENCE BY THE FIRM ADVISING THEM THAT WHILE THE MATTER IS CONSIDERED CLOSED THEY COULD CONTACT THE FIRM DIRECTLY WITH ANY QUESTIONS.

Disclosure 5 of 10

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: HARVEST CAPITAL LLC

Allegations: SALES PRACTICE VIOLATION FROM 05/20/2010

Product Type: Real Estate Security

Alleged Damages: \$40,000.00

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: 10/24/2011

Complaint Pending? No

Status: Withdrawn

Status Date: 12/27/2011

Settlement Amount:

Individual Contribution Amount:

Broker Statement

THE COMPLAINANT'S MOTHER HAD BEEN JEFF DAVIS'S CLIENT FOR YEARS. SHE ALWAYS LIKED BUYING REITS BECAUSE OF THE INCOME AND UNDERSTOOD REAL ESTATE AS WELL AS REIT INVESTMENTS. AS HER MOTHER GOT OLDER SHE ASKED THE COMPLAINANT TO HANDLE HER FINANCES AND TRANSFERRED FUNDS TO HER TO CONTINUE TO WORK W/JEFF AND FOR INVESTMENTS. WHEN HARVEST'S CCO SPOKE TO THE COMPLAINANT ON 10/25 IN ANSWER TO HER COMPLAINT AND AGAIN 10/10/26 AS THE COMPLAINANT PUT IT "SHE JUST DID WHAT HER MOTHER TOLD HER TO DO AND NEVER QUESTIONED OR UNDERSTOOD THE INVESTMENTS. ON 5/20/10 SHE BOUGHT THRU DAVIS, AS PER HER MOTHER'S INSTRUCTIONS \$40,000 KBS 11 REIT. THIS PURCHASE PUT HER ACCOUNT OVER OUR MINIMUM HIGH PERCENTAGE OF NET WORTH ALLOWABLE IN REITS. WE SENT A LETTER FOR HER TO SIGN ACKN THE RISKS. SHE NEVER RETURNED THE LETTER. WHEN JEFF CALLED TO OBT THE LETTER SHE KEPT TELLING HIM SHE WOULD GET TO IT. WHEN SHE FINALLY GO TO IT ON OR ABOUT 10/24 SHE GOT EXTREMELY NERVOUS. REALIZED SHE DIDN'T UNDERSTAND AND SENT IN A WRITTEN COMPLAINT. WHEN THE CCO SPOKE TO HER ON 10/25 AND AGAIN 10/26 SHE SAID SHE OVER REACTED. SHE HAD SPOKEN WITH HER MOTHER, HER MOTHER WAS OKAY AND LIKED THE INCOME. SHE APOLOGIZED FOR ALL THE CONFUSION, DIDN'T WANT TO COMPLAIN ABOUT JEFF (HER MOTHER HAS MUCH CONFIDENCE IN JEFF) AND HAS SINCE DECIDED TO KEEP THE REITS. SHE WAS GOING TO WRITE A LETTER TO RESCIND THE COMPLAINT - BUT WE HAD A MASSIVE STORM HERE - SHE'S STILL OUT OT POWER AND



HAS 2" WATER IN HER BASEMENT. I SPOKE W/HER 11-3 AND AGAIN 11-8 SHE'LL CALL ME NEXT WEEK TO DISCUSS LETTER. SHE APOLOGIZED FOR CAUSING A PROBLEM, SHE SAT DOWN WITH JEFF TO UNDERSTAND REITS (10-26-11) SHE WORKS IN A RE OFC AND UNDERSTANDS AND SHE TOO IS HAPPY WITH THE PURCHASE AND HER MOTHER IS CONTENT ALSO.

Disclosure 6 of 10

Reporting Source: Firm

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

Allegations: MISREPRESENTATION OF INVESTMENT PRODUCT

Product Type: Mutual Fund(s)

Alleged Damages: \$48,000.00

Customer Complaint Information

Date Complaint Received: 07/14/2003

Complaint Pending? No

Status: Litigation

Status Date: 04/29/2005

Settlement Amount:

Individual Contribution Amount:

Civil Litigation Information

Court Details: NEW BRITAIN SUPERIOR COURT, NEW BRITAIN CT HHB-CV-04-4001336.

Date Notice/Process Served: 04/29/2005

Litigation Pending? No

Disposition: Settled

Disposition Date: 12/28/2007

Monetary Compensation Amount: \$35,000.00

Individual Contribution Amount: \$0.00

Firm Statement NPC DENIED CUSTOMER COMPLAINT OCTOBER 13,2003. SUBSEQUENT TO DENIAL OF CLAIM, CUSTOMER COMMENCES CIVIL LITIGATION. (NPC AND REGISTERED REPRESENTATIVE ARE NOT NAMED PARTIES TO THE SUIT) DEFENDANT IN THE CIVIL LITIGATION THEN FILES MOTION TO IMPLEAD NPC AND REGISTERED REPRESENTATIVE APRIL 29, 2005.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: NATIONAL PLANNING CORPORATION (29604)

Allegations: MISREPRESENTATION OF INVESTMENT PRODUCT
BREACH OF FIDUCIARY DUTY.



CLIENT ALLEGES THAT SYTEMATIC MONTHLY WITHDRAWALS FROM THE ACCOUNT PURCHASED IN 2000 WERE REPRESENTED TO BE INTEREST AND DIVIDENDS, NOT PRINCIPAL AND THEREFORE WITHDRAWALS AND MARKET FORCES DECREASED HER ACCOUNT VALUE BELOW THE ORIGINAL PRINCIPAL INVESTED, AND THAT WHILE KNOWING THAT IN ORDER TO RECEIVE THE FULL PRINCIPAL PROTECTION PROVISION OF THE FUND THE PRINCIPAL WOULD HAVE HAD TO REMAIN INVESTED FOR FIVE YEARS, IT WAS NOT REALIZED THAT THOSE WITHDRAWALS REDUCED THE GUARANTEE. UPON REALIZING THAT, THE ACCOUNT WAS REDEEMED IN 2002. THEREFORE CLIENT ALLEGES THAT CLIENT IS OWED INTEREST ON ORIGINAL INVESTMENT PLUS LOST PRINCIPAL AND ATTORNEYS FEES.

Product Type: Mutual Fund(s)

Alleged Damages: \$48,000.00

Customer Complaint Information

Date Complaint Received: 07/14/2003

Complaint Pending? No

Status: Denied

Status Date: 10/13/2003

Settlement Amount:

Individual Contribution Amount:

Civil Litigation Information

Court Details: NEW BRITAIN SUPERIOR COURT
NEW BRITAIN CT
HHB-CV-04-4001336

Date Notice/Process Served: 05/04/2005

Litigation Pending? No

Disposition: Settled

Disposition Date: 12/28/2007

Monetary Compensation Amount: \$35,000.00

Individual Contribution Amount: \$0.00

Broker Statement

NATIONAL PLANNING CORPORATION DETERMINED THAT BASED ON LANGUAGE FROM THE COMPLAINT ITSELF, MR. DAVIS TRUTHFULLY AND ACCURATELY REPRESENTED THE NATURE OF THIS INVESTMENT. FURTHERMORE, NATIONAL PLANNING CORPORATION ALSO REFERENCES THE CLIENT'S SIGNED AND INITIALED NPC MUTUAL FUND CUSTOMER ACKNOWLEDGEMENT FORM. COMPLAINT WAS DENIED. CUSTOMER SUBSEQUENTLY FILED SUIT AGAINST BANKNORTH, WHICH LATER FILED SUIT TO INTRODUCE NATIONAL PLANNING AND JEFF DAVIS AS THIRD PARTY DEFENDANTS. NATL PLANNING PAID CLAIMANT TO SETTLE CLAIM, BUT BANKNORTH IS REQUESTING ATTORNEY'S FEES FROM NATL PLANNING AND JEFF DAVIS.



Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT ALLEGES MISREPRESENTATION REGARDING PRINCIPAL GUARANTEE FEATURES OF A VARIABLE ANNUITY PURCHASED FOR \$60,000.00 ON 9/28/1998

Product Type: Insurance

Alleged Damages: \$10,502.11

Customer Complaint Information

Date Complaint Received: 02/20/2002

Complaint Pending? No

Status: Denied

Status Date: 05/24/2002

Settlement Amount:

Individual Contribution Amount:

Firm Statement COMPLAINT DENIED BASED ON EXTENSIVE SIGNED DOCUMENTATION AND DISCLOSURES. REVIEW OF TRANSACTION HISTORY INDICATED CLIENT UNDERSTOOD RISK TO PRINCIPAL.

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Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORP

Allegations: CLIENT ALLEGES MISREPRESENTATION REGARDING PRINCIPAL GUARANTEE OF A VARIABLE ANNUITY PURCHASED FOR \$60,000 ON 09/28/1998

Product Type: Annuity(ies) - Variable

Alleged Damages: \$10,502.11

Customer Complaint Information

Date Complaint Received: 02/20/2002

Complaint Pending? No

Status: Denied

Status Date: 05/24/2002

Settlement Amount:

Individual Contribution Amount:

Disclosure 8 of 10

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT PREVIOUSLY ALLEGED SUITABILITY COMPLAINT SURROUNDING 1999 ANNUITY EXCHANGE. COMPLAINT WAS DENIED. CLIENT RESPONDED WITH ALLEGATION THAT HER SIGNATURE ON A SWITCH LETTER USED IN THE TRANSACTION WAS FORGED.

Product Type: Annuity(ies) - Variable

Alleged Damages: \$3,013.73

Customer Complaint Information

Date Complaint Received: 02/21/2002

Complaint Pending? No

Status: Denied

Status Date: 03/21/2002

Settlement Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement ALTHOUGH THERE IS NO CLEAR EVIDENCE SUPPORTING OR REFUTING CLIENT'S FORGERY ALLEGATION (REP DENIES SIGNATURE WAS FORGED) SUFFICIENT EVIDENCE EXISTS TO DEMONSTRATE THE PRODUCT IN QUESTION (VARIABLE ANNUITY) WAS A SUITABLE RECOMMENDATION. THE CLIENT'S ORIGINAL COMPLAINT CENTERED ON THE SUITABILITY OF THE PRODUCT.

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORP

Allegations: CLIENT PREVIOUSLY ALLEGED SUITABILITY COMPLAINT SURROUNDING 1999 ANNUITY EXCHANGE WITH ALLEGED COMPENSATORY DAMAGE AMOUNT OF \$3013.73, WHICH WAS DENIED. CLIENT RESPONDED WITH ALLEGATION THAT SWITCH LETTER USED IN TRANSACTION WAS FORGED

Product Type: Annuity(ies) - Variable

Alleged Damages: \$3,013.37

Customer Complaint Information

Date Complaint Received: 02/21/2002

Complaint Pending? No

Status: Denied

Status Date: 03/21/2002

Settlement Amount:

Individual Contribution Amount:

Broker Statement INVEST FINANCIAL CORP DENIED THE COMPLAINT, STATING THAT WHILE THERE WAS NO CLEAR EVIDENCE SUPPORTING OR REFUTING THE



CLIENT'S FORGERY ALLEGATION (WHICH REP DENIES THAT THE SIGNATURE WAS FORGED), INVEST FINANCIAL CORP FOUND SUFFICIENT EVIDENCE TO DEMONSTRATE THAT HER PURCHASE OF A VARIABLE ANNUITY WAS A SUITABLE RECOMMENDATION, WHICH IS WHAT THE CLIENT'S ORIGINAL COMPLAINT WAS CENTERED ON.

Disclosure 9 of 10

Reporting Source: Firm
Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT ALLEGES THAT REPRESENTATIVE MADE UNSUITABLE RECOMMENDATIONS REGARDING THE PURCHASE AND EXCHANGE OF VARIOUS FRANKLIN MUTUAL FUNDS. ORIGINAL TRADES OCCURRED 6/21/1999.

Product Type: Mutual Fund(s)

Alleged Damages: \$5,821.00

Customer Complaint Information

Date Complaint Received: 09/05/2001

Complaint Pending? No

Status: Denied

Status Date: 10/15/2001

Settlement Amount:

Individual Contribution Amount:

Firm Statement A REVIEW OF THE DETAILS SURROUNDING THE CLIENT'S ALLEGATIONS REVEALED THAT THE CLIENT INITIATED THE EXCHANGES. ALL DISCLOSURES APPEAR TO HAVE BEEN MADE AND PROSPECTUSES WERE PROVIDED BY THE REPRESENTATIVE AND THE FIRM. CLIENT'S FINANCIAL RISK TOLERANCE WAS IN LINE WITH THE INVESTMENT RISK. DENIED COMPLAINT.

Reporting Source: Individual
Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT ALLEGES THAT REPRESENTAIVE MADE UNSUITABLE RECOMMENDATIONS REGARDING THE PURCHASE AND EXCHANGE OF VARIOUS FRANKLIN MUTUAL FUNDS. ORIGINAL TRADES OCCURRED 6/21/1999. INVEST FINANCIAL CORPORATION DENIED THE CLAIM AND STATES THE FOLLOWING:
A REVIEW OF THE DETAILS SURROUNDING THE CLIENT'S ALLEGATIONS REVEALED THAT THE CLIENT INITIATED THE EXCHANGES. ALL DISCLOSURES APPEAR TO HAVE BEEN MADE AND PROSPECTUSES WERE PROVIDED BY THE REPRESENTATIVE AND THE FIRM. CLIENT'S FINANCIAL RISK TOLERANCE WAS IN LINE WITH THE INVESTMANT RISK. DENIED COMPLAINT.



Product Type: Mutual Fund(s)

Alleged Damages: \$5,821.00

Customer Complaint Information

Date Complaint Received: 09/05/2001

Complaint Pending? No

Status: Denied

Status Date: 10/15/2001

Settlement Amount:

Individual Contribution Amount:

Disclosure 10 of 10

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT ALLEGES THAT THE REPRESENTATIVE SOLD A VARIABLE ANNUITY TO HIM WITHOUT DISCLOSING THE RISK INVOLVED AND THE TIMEFRAME IN WHICH THE MONEY WOULD BE NEEDED.

Product Type: Annuity(ies) - Variable

Alleged Damages: \$41,258.38

Customer Complaint Information

Date Complaint Received: 08/27/2001

Complaint Pending? No

Status: Settled

Status Date: 09/05/2001

Settlement Amount: \$41,258.38

Individual Contribution Amount: \$0.00

Reporting Source: Individual

Employing firm when activities occurred which led to the complaint: INVEST FINANCIAL CORPORATION

Allegations: CLIENT ALLEGES THAT THE REPRESENTATIVE SOLD A VARIABLE ANNUITY TO HIM WITHOUT DISCLOSING THE RISK INVOLVED AND THE TIMEFRAME IN WHICH THE MONEY COULD BE ACCESSED. INVEST FINANCIAL CORPORATION SETTLED, BUT REPRESENTATIVE ASSERTS THAT HE WAS NOT CONTACTED BY INVEST FINANCIAL CORPORATION IN REGARDS TO THE COMPLAINT BEFORE SAID SETTLEMENT. THE REPRESENTATIVE ALSO ASSERTS THAT HE DISCLOSED THE RISKS AND WITHDRAWAL LIMITATIONS ON THE CONTRACT, AND THAT THE COMPLAINT AND SETTLEMENT WERE UNWARRANTED.



Product Type: Annuity(ies) - Variable

Alleged Damages: \$41,258.38

Customer Complaint Information

Date Complaint Received: 08/27/2001

Complaint Pending? No

Status: Settled

Status Date: 09/05/2001

Settlement Amount: \$41,258.38

Individual Contribution Amount: \$0.00



Termination

This disclosure event involves a situation where the Investment Adviser Representative voluntarily resigned, was discharged or was permitted to resign after allegations were made that accused the Investment Adviser Representative of violating investment-related statutes, regulations, rules or industry standards of conduct; fraud or the wrongful taking of property; or failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct.

Disclosure 1 of 1

Reporting Source:	Individual
Firm Name:	NATIONAL PLANNING CORPORATION
Termination Type:	Discharged
Termination Date:	01/10/2001
Allegations:	SIGNED CLIENT'S NAME TO A FORM
Product Type:	Mutual Fund(s)
Other Product Types:	
Broker Statement	SIGNED CLIENT'S NAME TO ADMINISTRATIVE FORM TO SAVE CLIENT SOME MONEY. CLIENT DID NOT FILE A COMPLAINT AND THERE WAS NO ALLEGATION OF OTHER IMPROPRIETY. RECEIVED LETTER OF CAUTION FROM NASD, AND WAS INFORMED THAT THIS ITEM NEED NOT BE DISCLOSED ON FORM U-4.



End of Report

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