



## IAPD Report

# KURT JOSEPH RECHNER

CRD# 2632186

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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

### KURT JOSEPH RECHNER (CRD# 2632186)

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 **06/09/2011**.

### CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	PROPHET CAPITAL ASSET MANAGEMENT	CRD# 150683	09/02/2009

### QUALIFICATIONS

This representative is currently registered in **0** 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
B	BRAVER STERN SECURITIES LLC	29108	NEW YORK, NY	04/07/2011 - 06/09/2011
IA	TEJAS SECURITIES GROUP, INC.	36705	AUSTIN, TX	06/13/2006 - 04/14/2009
B	TEJAS SECURITIES GROUP, INC.	36705	AUSTIN, TX	02/23/2004 - 04/14/2009

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

### DISCLOSURE INFORMATION

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

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

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1
Customer Dispute	1



## Qualifications

### REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

#### Employment 1 of 1

Firm Name: **PROPHET CAPITAL ASSET MANAGEMENT**  
Main Address: 303 COLORADO STREET  
STE 2050  
AUSTIN, TX 78701  
Firm ID#: 150683

Regulator	Registration	Status	Date
<b>IA</b> Texas	Investment Adviser Representative	Approved	09/02/2009

#### Branch Office Locations

**PROPHET CAPITAL ASSET MANAGEMENT**  
5000 PLAZA ON THE LAKE BLVD  
SUITE 180  
AUSTIN, TX 78746



## 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 2 principal/supervisory exams, 2 general industry/product exams, and 1 state securities law exam.**

#### Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination (S24)	Series 24	05/17/2004
Financial and Operations Principal Examination (S27)	Series 27	03/16/2004

#### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination (S7)	Series 7	09/29/2003
National Commodity Futures Examination (S3)	Series 3	06/19/1995

#### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination (S63)	Series 63	06/29/2004

### PROFESSIONAL DESIGNATIONS

This section details that the representative has reported 1 professional designation(s).

#### Chartered Financial Analyst

This representative holds or did hold 1 professional designation(s) that may have been used to qualify as an Investment Advisor representative. Please check with the appropriate designation authority for verification that the designation is still in effect. The contact information for these professional designation authorities can be found on the website for the North American Securities Administrators Association at <http://www.nasaa.org>



### 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	04/07/2011 - 06/09/2011	BRAVER STERN SECURITIES LLC	CRD# 29108	NEW YORK, NY
IA	06/13/2006 - 04/14/2009	TEJAS SECURITIES GROUP, INC.	CRD# 36705	AUSTIN, TX
B	02/23/2004 - 04/14/2009	TEJAS SECURITIES GROUP, INC.	CRD# 36705	AUSTIN, TX

#### 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
05/2009 - Present	PROPHET CAPITAL ASSET MANAGEMENT	CCO/COO	Y	AUSTIN, TX, 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.

ACCELERATOR HOLDINGS, LLC/CIRCUIT OF THE AMERICAS, LLC  
 THE BUSINESS IS NOT INVESTMENT RELATED  
 301 CONGRESS AVENUE, SUITE 220, AUSTIN, TX 78701  
 NATURE OF BUSINESS: CONSTRUCTION OF A AUTOMOBILE RACE TRACK IN AUSTIN, TEXAS  
 POSITION: ON BOARD OF MANAGERS  
 TITLE: VICE PRESIDENT/C.O.O.  
 RELATIONSHIP: BOARD AND STRATEGIC GUIDANCE  
 START DATE: AUGUST 2010  
 HOURS/MONTH: 40  
 HOURS DURING SECURITIES TRADING HOURS: APPROXIMATELY ONE HOUR PER DAY  
 DUTIES: HELPED TO GET THE START UP BUSINESS OPERATIONAL, I PROVIDE STRATEGIC GUIDANCE TO THE PRESIDENT AND CFO REGARDING OPERATIONS AND ASSIST THEM WITH PROCURING BANK FINANCING FOR THE CONSTRUCTION OF THE TRACK AND SURROUNDING FACILITIES.



## 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	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:** 03/08/2010

**Docket/Case Number:** [2008011633401](#)

**Employing firm when activity occurred which led to the regulatory action:** TEJAS SECURITIES GROUP, INC.

**Product Type:** Other: UNSPECIFIED SECURITIES AND COMPANY BONDS

**Allegations:** NASD RULES 2110, 3010(A): RECHNER'S MEMBER FIRM OPENED AND CONTINUOUSLY HELD CUSTOMER'S FUNDS AND SECURITIES IN AN ACCOUNT AT ITS CLEARING FIRM, AND FAILED TO MAKE REQUIRED RESERVE COMPUTATIONS AND DEPOSITS FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS, THEREBY WILLFULLY VIOLATED SECTION 15 OF THE EXCHANGE ACT AND SEC RULE 15C3-3, AND NASD RULE 2110. THE FIRM, ACTING THROUGH RECHNER, WILLFULLY FAILED TO SUPERVISE THE FIRM'S HANDLING OF CUSTOMER FUNDS AND SECURITIES BY FAILING TO DELEGATE RESPONSIBILITY TO PERSONNEL WITH THE REQUISITE REGISTRATION, KNOWLEDGE AND EXPERIENCE TO DEAL WITH ISSUES IN CONNECTION WITH FIRM'S HANDLING OF CUSTOMER FUNDS AND SECURITIES. THE FIRM, ACTING THROUGH RECHNER, WAS REQUIRED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH FINRA RULES. THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN PROCEDURES TO



SUPERVISE THE TYPES OF BUSINESS IN WHICH IT ENGAGED; AS THE FIRM DID NOT HAVE ANY PROCEDURES REGARDING THE HANDLING OF CUSTOMER FUNDS OR SECURITIES RECEIVED VIA WIRE OR JOURNAL TRANSFER. RECHNER FAILED TO ENSURE THAT THE FIRM COMPLIED WITH SEC RULE 15C3-3 AND NASD RULE 2110 IN CONNECTION WITH ITS HANDLING OF CUSTOMER FUNDS AND SECURITIES.

**Current Status:**

Final

**Resolution:**

Decision & Order of Offer of Settlement

**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:**

04/29/2010

**Sanctions Ordered:**

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

**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?

**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:** Yes

**Date Paid by individual:** 07/20/2010

**Was any portion of penalty waived?** No

**Amount Waived:**

**Regulator Statement**

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RECHNER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE HE IS CENSURED AND FINED \$5,000. THE FINE IS DUE AND PAYABLE IMMEDIATELY UPON RE-ASSOCIATION WITH A MEMBER FIRM, OR PRIOR TO ANY REQUEST FOR RELIEF FROM ANY STATUTORY DISQUALIFICATION RESULTING FROM THIS OR ANY OTHER EVENT OR PROCEEDING, WHICHEVER IS EARLIER.



**Reporting Source:** Individual

**Regulatory Action Initiated By:** FINANCIAL INDUSTRY REGULATORY AUTHORITY

**Sanction(s) Sought:** Other: N/A

**Date Initiated:** 03/08/2010

**Docket/Case Number:** [2008011633401](#)

**Employing firm when activity occurred which led to the regulatory action:** TEJAS SECURITIES GROUP, INC.

**Product Type:** Other: UNSPECIFIED SECURITIES AND COMPANY BONDS

**Allegations:** SECTION 15 OF THE SECURITIES EXCHANGE ACT AND SEC RULE 15C3-3, NASD RULES 2110, 3010(A): RECHNER'S MEMBER FIRM OPENED AND CONTINUOUSLY HELD CUSTOMERS' FUNDS AND SECURITIES IN AN ACCOUNT AT ITS CLEARING FIRM, AND FAILED TO MAKE REQUIRED RESERVE COMPUTATIONS AND DEPOSITS FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS, THEREBY WILLFULLY VIOLATED SECTION 15 OF THE EXCHANGE ACT AND SEC RULE 15C3-3, AND NASD RULE 2110. THE FIRM, ACTING THROUGH RECHNER, WILLFULLY FAILED TO SUPERVISE THE FIRM'S HANDLING OF CUSTOMER FUNDS AND SECURITIES BY FAILING TO DELEGATE RESPONSIBILITY TO PERSONNEL WITH THE REQUISITE REGISTRATION, KNOWLEDGE AND EXPERIENCE TO DEAL WITH ISSUES IN CONNECTION WITH FIRM'S HANDLING CUSTOMER FUNDS AND SECURITIES. THE FIRM, ACTING THROUGH RECHNER, WAS REQUIRED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS, AND WITH FINRA RULES. THE FIRM FAILED TO ESTABLISH AND MAINTAIN WRITTEN PROCEDURES TO SUPERVISE THE TYPES OF BUSINESS IN WHICH IT ENGAGED; AS THE FIRM DID NOT HAVE ANY PROCEDURES REGARDING THE HANDLING OF CUSTOMER FUNDS OR SECURITIES RECEIVED VIA WIRE OR JOURNAL TRANSFER. RECHNER FAILED TO ENSURE THAT THE FIRM COMPLIED WITH SEC RULE 15C3-3 AND NASD RULE 2110 IN CONNECTION WITH ITS HANDLING OF CUSTOMER FUNDS AND SECURITIES.

**Current Status:** Final

**Resolution:** Decision & Order of Offer of Settlement

**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:** 04/29/2010

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

**Monetary Sanction 1 of 1**

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

**Total Amount:** \$80,000.00



**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**

TEJAS SECURITIES GROUP, INC. ("TSG") ESTABLISHED AN ACCOUNT THROUGH ITS CLEARING FIRM TO FACILITATE THE PAYMENT OF DISTRIBUTIONS TO BONDHOLDERS OF AN ISSUER THAT HAD FILED FOR BANKRUPTCY. THE ACCOUNT WAS ESTABLISHED AT THE RECOMMENDATION OF TSG'S GENERAL COUNSEL, WHO WAS A FORMER SEC ATTORNEY AND GENERAL SECURITIES PRINCIPAL. FUNDS IN THE ACCOUNT WERE APPROPRIATELY ACCOUNTED FOR AND DISTRIBUTED TO BONDHOLDERS. MR. RECHNER SUBMITTED THE OFFER OF SETTLEMENT IN THIS MATTER IN ORDER TO AVOID THE COST AND UNCERTAINTY OF LITIGATION. PURSUANT TO THE TERMS OF THE OFFER OF SETTLEMENT, MR. RECHNER NEITHER ADMITS NOR DENIES THE ALLEGATIONS MADE AGAINST HIM.



### 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:** Firm

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

**Allegations:** CUSTOMER [CUSTOMER] ALLEGES UNSUITABLE INVESTMENTS ASSOCIATED WITH BOND PURCHASES MADE IN MARCH AND APRIL 2007

**Product Type:** Debt-Corporate

**Alleged Damages:** \$500,000.00

#### Arbitration Information

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

**Docket/Case #:** 09-00940

**Date Notice/Process Served:** 03/16/2009

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 05/20/2010

**Monetary Compensation Amount:** \$315,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** ALL CLAIMS AGAINST INDIVIDUAL RESPONDENTS WERE DISMISSED ON 5/20/2010.

**Reporting Source:** Individual

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

**Allegations:** CUSTOMER [CUSTOMER] ALLEGES UNSUITABLE INVESTMENTS ASSOCIATED WITH BOND PURCHASES MADE IN MARCH AND APRIL 2007

**Product Type:** Debt-Corporate

**Alleged Damages:** \$500,000.00

#### Customer Complaint Information

**Date Complaint Received:**

**Complaint Pending?**



**Status:**

**Status Date:** 03/16/2009

**Settlement Amount:**

**Individual Contribution Amount:**

**Arbitration Information**

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

**Docket/Case #:** 09-00940

**Date Notice/Process Served:** 03/16/2009

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 05/20/2010

**Monetary Compensation Amount:** \$315,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement**

MR. RECHNER WAS NAMED AS A RESPONDENT IN THIS MATTER SOLELY BECAUSE OF HIS POSITION AS AN OFFICER OF TEJAS SECURITIES GROUP, INC. ("TSG"). WHILE TSG, MR. RECHNER, AND THE OTHER RESPONDENT DENY THE ALLEGATIONS MADE BY THE CLAIMANT, THE DETERMINATION WAS MADE TO SETTLE THIS MATTER IN ORDER TO AVOID THE COST AND UNCERTAINTY OF LITIGATION. IN CONJUNCTION WITH THE SETTLEMENT, THE CLAIMANT DISMISSED ALL ALLEGATIONS AGAINST MR. RECHNER AND AGREED TO NOT OPPOSE ANY EFFORTS MR. RECHNER MIGHT CHOOSE TO MAKE TO EXPUNGE THIS MATTER FROM HIS CRD RECORD.



## End of Report

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