



## IAPD Report

# JAVIER JOSE DE ZENGOTITA

CRD# 4917654

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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

### JAVIER JOSE DE ZENGOTITA (CRD# 4917654)

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 **12/15/2020**.

### CURRENT EMPLOYERS

Firm	CRD#	Registered Since
IA ATON FINANCIAL LLC	CRD# 173070	10/29/2019

### 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
IA KOVACK ADVISORS, INC.	140808	Guaynabo, PR	06/29/2016 - 10/21/2019
B KOVACK SECURITIES INC.	44848	GUAYNABO, PR	12/11/2013 - 10/21/2019
B SANTANDER SECURITIES LLC	41791	BOSTON, MA	04/04/2008 - 11/08/2013

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

### DISCLOSURE INFORMATION

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

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

The following types of events are disclosed about this representative:

Type	Count
Customer Dispute	6
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 **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

#### Employment 1 of 1

Firm Name: **ATON FINANCIAL LLC**  
Main Address: 1590 PONCE DE LEON  
SUITE 206  
SAN JUAN, PR 00926  
Firm ID#: 173070

Regulator	Registration	Status	Date
<b>IA</b> Puerto Rico	Investment Adviser Representative	Approved	10/29/2019

#### Branch Office Locations

**ATON FINANCIAL LLC**  
1590 PONCE DE LEON  
SUITE 206  
SAN JUAN, PR 00926



## 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, 2 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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<b>B</b> Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
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<b>B</b> General Securities Representative Examination (S7)	Series 7	11/09/2005
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#### State Securities Law Exams

Exam	Category	Date
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<b>IA</b> Uniform Investment Adviser Law Examination (S65)	Series 65	01/08/2016
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<b>B</b> Uniform Securities Agent State Law Examination (S63)	Series 63	08/31/2015
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### 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	06/29/2016 - 10/21/2019	KOVACK ADVISORS, INC.	CRD# 140808	Guaynabo, PR
B	12/11/2013 - 10/21/2019	KOVACK SECURITIES INC.	CRD# 44848	GUAYNABO, PR
B	04/04/2008 - 11/08/2013	SANTANDER SECURITIES LLC	CRD# 41791	BOSTON, MA
B	06/02/2006 - 03/10/2008	SANTANDER SECURITIES	CRD# 41791	LEVITTOWN, PR
B	11/10/2005 - 01/04/2007	ORIENTAL FINANCIAL SERVICES CORP.	CRD# 29753	SAN JUAN, PR

### 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
10/2019 - Present	ATON Financial LLC	Investment Advisor Representative	Y	San Juan, PR, United States
06/2016 - 10/2019	Kovack Advisors, Inc	Investment Advisor	Y	Fort Lauderdale, FL, United States
12/2013 - 10/2019	KOVACK SECURITIES, INC.	REGISTERED REPRESENTATIVE	Y	FORT LAUDERDALE, FL, 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) SMART INSURANCE AGENCY - San Patricio Office Center, 7 Tabonuco Street, Ste. 300, GUAYNABO, PR 00968; FIXED INSURANCE BUSINESS; NON INVESTMENT RELATED; AGENT; SELL FIXED INSURANCE; 5% OF TIME SPENT
- 2) GLASSY CORP - VILLA CAPARRA TOWER APT 3-C, GUAYNABO, PR 00966; FAST FOOD FRANCHISE TACO MAKER; NON-INVESTMENT RELATED; SUPERVISE DAILY NUMBERS OF THE TWO STORES, SUPERVISE THE MANAGER OF EACH STORE THROUGH DAILY REPORTS; 20% OF TIME SPENT
- 3) DEJETO FOOD CORP, CALLE ALAMBRA 4-7 URB. TORRIMAR GUAYNABO, PR 00966; FOOD BUSINESS, MARCO'S PIZZA; TREASURER; DEAL WITH SALES; NON-INVESTMENT RELATED; 15% 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
Customer Dispute	6
Termination	1

### 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 6

<b>Reporting Source:</b>	Firm
<b>Employing firm when activities occurred which led to the complaint:</b>	Santander Securities LLC
<b>Allegations:</b>	Client's allege over-concentration, unsuitability, breach of fiduciary duty, breach of contract, contractual negligence, fraud, constructive fraud, failure to supervise, and violations of securities laws and rules (Puerto Rico bond and bond funds). Includes request for punitive damages, interest, costs and fees.
<b>Product Type:</b>	Debt-Municipal Other: Closed end funds
<b>Alleged Damages:</b>	\$160,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA - San Juan, PR
<b>Docket/Case #:</b>	19-00695
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	03/11/2019

### Customer Complaint Information



**Date Complaint Received:** 03/12/2019

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 11/18/2020

**Settlement Amount:** \$35,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** Javier de Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy. As of 11/18/20, the Firm has settled this case for \$35,000. The representative was not asked to contribute to the settlement.

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**Reporting Source:** Individual

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

**Allegations:** Client's allege over-concentration, unsuitability, breach of fiduciary duty, breach of contract, contractual negligence, fraud, constructive fraud, failure to supervise, and violations of securities laws and rules (Puerto Rico bond and bond funds). Includes request for punitive damages, interest, costs and fees.

**Product Type:** Debt-Municipal  
Other: Closed end funds

**Alleged Damages:** \$160,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** No

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

**Arbitration/Reparation forum or court name and location:** FINRA - San Juan, PR

**Docket/Case #:** 19-00695

**Filing date of arbitration/CFTC reparation or civil litigation:** 03/11/2019

**Customer Complaint Information**

**Date Complaint Received:** 03/12/2019

**Complaint Pending?** Yes

**Settlement Amount:**

**Individual Contribution Amount:**

**Broker Statement** Representative vehemently denies the allegations. Representative maintains that client selected the investments as he preferred the tax exemptions. Representative further claims that he advised that the client diversify but they did not take his advice.

**Disclosure 2 of 6**

**Reporting Source:** Firm

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

**Allegations:** Client alleges unsuitability, over-concentration, breach of fiduciary duty, negligence, negligent supervision, failure to supervise, fraud, breach of contract, and violations of securities laws and rules (Puerto Rico bonds and closed-end funds). Includes request for rescission, punitive damages, interest, costs and fees.

**Product Type:** Debt-Municipal  
Other: Closed end funds

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** Compensatory damages between \$100,000 to \$500,000

**Is this an oral complaint?** No

**Is this a written complaint?** No

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

**Arbitration/Reparation forum or court name and location:** FINRA - San Juan, PR

**Docket/Case #:** 18-03446

**Filing date of arbitration/CFTC reparation or civil litigation:** 10/01/2018

**Customer Complaint Information**

**Date Complaint Received:** 10/02/2018

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 05/18/2020

**Settlement Amount:** \$70,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** Javier De Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy. As of 5/18/20, the Firm settled this matter for \$70,000. The representative was not asked to contribute to this settlement.

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**Reporting Source:** Individual

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



**Allegations:** Client alleges unsuitability, over-concentration, breach of fiduciary duty, negligence, negligent supervision, failure to supervise, fraud, breach of contract, and violations of securities laws and rules (Puerto Rico bonds and closed-end funds). Includes request for rescission, punitive damages, interest, costs and fees.

**Product Type:** Other: Closed end funds

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** Compensatory damages between \$100,000 to \$500,000

**Is this an oral complaint?** No

**Is this a written complaint?** No

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

**Arbitration/Reparation forum or court name and location:** FINRA - San Juan, PR

**Docket/Case #:** 18-03446

**Filing date of arbitration/CFTC reparation or civil litigation:** 10/01/2018

### Customer Complaint Information

**Date Complaint Received:** 10/02/2018

**Complaint Pending?** Yes

**Settlement Amount:**

**Individual Contribution Amount:**

**Broker Statement** Javier De Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy.

### Disclosure 3 of 6

**Reporting Source:** Firm

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

**Allegations:** Client's allege over-concentration, unsuitability, breach of fiduciary duty, breach of contract, contractual negligence, fraud, constructive fraud, failure to supervise, and violations of securities laws and rules.

**Product Type:** Debt-Municipal  
Other: Closed-end funds

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** Compensatory damages of \$250,000 including a request for interest, costs and fees.

**Is this an oral complaint?** No



**Is this a written complaint?** No  
**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes  
**Arbitration/Reparation forum  
or court name and location:** FINRA - San Juan, PR  
**Docket/Case #:** 18-01478  
**Filing date of  
arbitration/CFTC reparation  
or civil litigation:** 04/23/2018

### Customer Complaint Information

**Date Complaint Received:** 04/24/2018  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 01/07/2020  
**Settlement Amount:** \$90,000.00  
**Individual Contribution  
Amount:** \$0.00

**Firm Statement** Javier De Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy. As of 1/7/2020, the Firm settled this matter for \$90,000. The representative was not asked to contribute to the settlement.

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**Reporting Source:** Individual  
**Employing firm when  
activities occurred which led  
to the complaint:** SANTANDER SECURITIES LLC  
**Allegations:** Client's allege over-concentration, unsuitability, breach of fiduciary duty, breach of contract, contractual negligence, fraud, constructive fraud, failure to supervise, and violations of securities laws and rules.  
**Product Type:** Other: Closed-end funds  
**Alleged Damages:** \$0.00  
**Alleged Damages Amount  
Explanation (if amount not  
exact):** Compensatory damages of \$250,000 including a request for interest, costs and fees.  
**Is this an oral complaint?** No  
**Is this a written complaint?** No  
**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes  
**Arbitration/Reparation forum  
or court name and location:** FINRA - San Juan, PR  
**Docket/Case #:** 18-01478



**Filing date of arbitration/CFTC reparation or civil litigation:** 04/23/2018

### Customer Complaint Information

**Date Complaint Received:** 04/24/2018

**Complaint Pending?** Yes

**Settlement Amount:**

**Individual Contribution Amount:**

**Broker Statement** Javier De Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy.

### Disclosure 4 of 6

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** Santander Securities, LLC

**Allegations:** Client alleges, among other things, negligence, negligence in violation of industry standards, breach of suitability duty, breach of duty to engage in fair dealings, churning or excessive trading, failure to supervise, overconcentration, breach of fiduciary duty, and breach of contract (Puerto Rico bonds and closed-end funds). Includes request for interest, costs and rescission.

**Product Type:** Debt-Municipal  
Other: Closed-end funds

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** Claim for in excess of \$4,000,000

**Is this an oral complaint?** No

**Is this a written complaint?** No

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

**Arbitration/Reparation forum or court name and location:** FINRA - San Juan, PR

**Docket/Case #:** 18-00568

**Filing date of arbitration/CFTC reparation or civil litigation:** 02/12/2018

### Customer Complaint Information

**Date Complaint Received:** 02/14/2018

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/25/2019



**Settlement Amount:** \$1,550,000.00

**Individual Contribution Amount:** \$0.00

**Firm Statement** Javier de Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy. As of 2/25/19, the Firm settled this matter for \$1,550,000. The representative was not asked to contribute to the settlement.

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**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** Santander Securities, LLC

**Allegations:** Client alleges, among other things, negligence, negligence in violation of industry standards, breach of suitability duty, breach of duty to engage in fair dealings, churning or excessive trading, failure to supervise, overconcentration, breach of fiduciary duty, and breach of contract (Puerto Rico bonds and closed-end funds). Includes request for interest, costs and rescission.

**Product Type:** Other: Closed-end funds

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** Claim for in excess of \$4,000,000

**Is this an oral complaint?** No

**Is this a written complaint?** No

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

**Arbitration/Reparation forum or court name and location:** FINRA - San Juan, PR

**Docket/Case #:** 18-00568

**Filing date of arbitration/CFTC reparation or civil litigation:** 02/12/2018

### Customer Complaint Information

**Date Complaint Received:** 02/14/2018

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 02/25/2019

**Settlement Amount:** \$1,500,000.00

**Individual Contribution Amount:** \$0.00

**Broker Statement** Javier de Zengotita is not a named respondent to this arbitration. The claims are believed to stem from the unprecedented turmoil experienced in the Puerto Rico economy. Mr. Zengotita vehemently denies the allegations made by the client. Representative was not asked to contribute to the settlement.



**Disclosure 5 of 6**

**Reporting Source:** Firm

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

**Allegations:** Client alleges the investments were misrepresented to him and that he believed they were guaranteed.

**Product Type:** Debt-Municipal Mutual Fund

**Alleged Damages:** \$0.00

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

**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:** 12/22/2015

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 04/06/2016

**Settlement Amount:** \$17,500.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Individual

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

**Allegations:** Client alleges the investments were misrepresented to him and that he believed they were guaranteed.

**Product Type:** Debt-Municipal Mutual Fund

**Alleged Damages:** \$0.00

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

**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: 12/22/2015

Complaint Pending? No

Status: Settled

Status Date: 04/06/2016

Settlement Amount: \$17,500.00

Individual Contribution  
Amount: \$0.00

### Broker Statement

[Customer] was assigned to me by a Santander branch of UBS. The client was looking for a tax free investment and inquired about Prepa bonds. I explained how the bonds worked, risks involved, importance of diversification, and Puerto Rico's financial situation. I explained to the client if he purchased the Prepa bond, that he should not buy the full amount on the issue. [customer] purchased the Prepa bonds and a few years after the initial investment, I recommended that he should sell the bonds but disagreed with my advice and chose to hold the investments.

### Disclosure 6 of 6

Reporting Source: Firm

Employing firm when  
activities occurred which led  
to the complaint: SANTANDER SECURITIES LLC

Allegations: CLIENT ALLEGES FRAUD, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, NEGLIGENCE, NEGLIGENT MISREPRESENTATION AND OMISSION, UNSUITABILITY, OVERCONCENTRATION FAILURE TO SUPERVISE (PUERTO RICO CLOSED-END FUNDS).

Product Type: Debt-Municipal

Alleged Damages: \$100,000.00

Is this an oral complaint? No

Is this a written complaint? No

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

Arbitration/Reparation forum  
or court name and location: FINRA ARBITRATION - SAN JUAN PR

Docket/Case #: 14-03518

Filing date of  
arbitration/CFTC reparation  
or civil litigation: 11/19/2014

### Customer Complaint Information

Date Complaint Received: 12/12/2014

Complaint Pending? No

Status: Settled



**Status Date:** 02/02/2016  
**Settlement Amount:** \$35,000.00  
**Individual Contribution Amount:** \$0.00  
**Firm Statement** Javier De Zengotita is not named as a respondent to this arbitration. The firm has settled this case for \$35,000. The representative was not asked to contribute to the settlement.

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**Reporting Source:** Individual  
**Employing firm when activities occurred which led to the complaint:** SANTANDER SECURITIES, INC.  
**Allegations:** CLIENT ALLEGES FRAUD, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, NEGLIGENCE, NEGLIGENT MISREPRESENTATION AND OMISSION, UNSUITABILITY, OVERCONCENTRATION AND FAILURE TO SUPERVISE (PUERTO RICO CLOSED END FUNDS)  
**Product Type:** Debt-Municipal  
**Alleged Damages:** \$100,000.00  
**Is this an oral complaint?** No  
**Is this a written complaint?** No  
**Is this an arbitration/CFTC reparation or civil litigation?** Yes  
**Arbitration/Reparation forum or court name and location:** FINRA ARBITRATION- PUERTO RICO  
**Docket/Case #:** 14-03518  
**Filing date of arbitration/CFTC reparation or civil litigation:** 11/19/2014

### Customer Complaint Information

**Date Complaint Received:** 12/12/2014  
**Complaint Pending?** No  
**Status:** Settled  
**Status Date:** 02/02/2016  
**Settlement Amount:** \$35,000.00  
**Individual Contribution Amount:** \$0.00  
**Broker Statement** THE ACCOUNT WAS PASSED TO ME WHEN THE INITIATING RR LEFT THE FIRM. I DID NOT RECOMMEND OR PLACE ANY OF THE TRANSACTIONS HELD BY [CUSTOMER], AND MY CONTACTS WITH HIM WERE EXTREMELY INFREQUENT.



## 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:** Firm  
**Firm Name:** SANTANDER SECURITIES LLC  
**Termination Type:** Permitted to Resign  
**Termination Date:** 10/15/2013  
**Allegations:** SHORT TERM TRADING OF MUTUAL FUNDS  
**Product Type:** Mutual Fund

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**Reporting Source:** Individual  
**Firm Name:** SANTANDER SECURITIES, LLC  
**Termination Type:** Permitted to Resign  
**Termination Date:** 10/15/2013  
**Allegations:** SHORT TERM TRADING OF MUTUAL FUNDS  
**Product Type:** Mutual Fund

**Broker Statement** WHEN THE PR BOND MARKET BEGAN TO FALL, I RECOMMENDED THAT MY CLIENTS SELL THEIR PR BOND FUNDS. TO MOST OF THESE CLIENTS, I THEN RECOMMENDED INVESTING IN US MUNI AND CORPORATE BONDS FUNDS. CLIENTS AVOIDED PRINCIPAL LOSSES.



## End of Report

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