



IAPD Report

FRANK HENRY CHIAPPONE

CRD# 728092

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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

FRANK HENRY CHIAPPONE (CRD# 728092)

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 **04/24/2026**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	LPL FINANCIAL LLC	CRD# 6413	03/20/2026
IA	LPL FINANCIAL LLC	CRD# 6413	03/20/2026

QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and **10** 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	RMR WEALTH MANAGEMENT	152266	Clifton Park, NY	11/21/2019 - 03/26/2026
B	DINOSAUR FINANCIAL GROUP, L.L.C	104446	Killington, VT	01/04/2010 - 03/23/2026
IA	DLG WEALTH MANAGEMENT LLC	151046	CLIFTON PARK, NY	03/08/2012 - 01/11/2018

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



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 **10** jurisdiction(s) and 1 SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **LPL FINANCIAL LLC**
Main Address: 1055 LPL WAY
FORT MILL, SC 29715
Firm ID#: 6413

	Regulator	Registration	Status	Date
B	FINRA	General Securities Principal	Approved	03/20/2026
B	FINRA	General Securities Representative	Approved	03/20/2026
B	FINRA	Operations Professional	Approved	03/20/2026
B	California	Agent	Approved	03/20/2026
B	Connecticut	Agent	Approved	03/23/2026
B	Florida	Agent	Approved	03/20/2026
B	Massachusetts	Agent	Approved	03/28/2026
B	Nevada	Agent	Approved	03/24/2026
B	New Hampshire	Agent	Approved	03/26/2026
B	New Jersey	Agent	Approved	03/20/2026
B	New York	Agent	Approved	03/20/2026
IA	New York	Investment Adviser Representative	Approved	03/20/2026
B	North Carolina	Agent	Approved	04/22/2026



Qualifications

Regulator	Registration	Status	Date
B Virginia	Agent	Approved	03/20/2026

Branch Office Locations

LPL FINANCIAL LLC
3 LEAR JET LN STE 201 N
LATHAM, NY 12110




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 3 state securities law exams.





Principal/Supervisory Exams

Exam	Category	Date
 General Securities Principal Examination (S24)	Series 24	12/16/2024

General Industry/Product Exams

Exam	Category	Date
 Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 General Securities Representative Examination (S7)	Series 7	04/11/1981

State Securities Law Exams

Exam	Category	Date
 Uniform Investment Adviser Law Examination (S65)	Series 65	11/30/2021
  Uniform Combined State Law Examination (S66)	Series 66	03/07/2012
 Uniform Securities Agent State Law Examination (S63)	Series 63	06/15/1981

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	11/21/2019 - 03/26/2026	RMR WEALTH MANAGEMENT	CRD# 152266	Clifton Park, NY
B	01/04/2010 - 03/23/2026	DINOSAUR FINANCIAL GROUP, L.L.C	CRD# 104446	Killington, VT
IA	03/08/2012 - 01/11/2018	DLG WEALTH MANAGEMENT LLC	CRD# 151046	CLIFTON PARK, NY
B	02/02/1989 - 12/31/2009	MCGINN, SMITH & CO., INC.	CRD# 8453	CLIFTON PARK, NY
B	01/18/1988 - 08/15/1988	FIRST ALBANY CORPORATION	CRD# 298	NEW YORK, NY
B	02/02/1987 - 03/16/1988	SHERWOOD CAPITAL, INC.	CRD# 10474	
B	04/13/1981 - 01/31/1987	FIRST JERSEY SECURITIES, INC.	CRD# 6621	

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
03/2026 - Present	LPL Financial	REGISTERED REPRESENTATIVE	Y	Latham, NY, United States
01/2018 - 03/2026	RMR Wealth Management	INVESTMENT ADVISER	Y	New York, NY, United States
01/2010 - 03/2026	DINOSAUR SECURITIES	REGISTERED REPRESENTATIVE	Y	NEW YORK, NY, United States
01/2010 - 01/2018	DLG WEALTH MANAGEMENT LLC	INVESTMENT ADVISOR	Y	CLIFTON PARK, NY, United States

OTHER BUSINESS ACTIVITIES

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

- 03/2026 - Empire Financial Advisors - DBA for LPL Business (entity for LPL business) - Inv Related - 200 Hour(s)/Month - 160 Hour(s) During Trading - At Reported Business Location (s)- OBA Start Date: 3/20/2026
- 03/2026 - Advisors Insurance Brokers - Non-Variable Insurance - Inv Related - 10 Hour(s)/Month - 10 Hour(s) During Trading -



Registration & Employment History



OTHER BUSINESS ACTIVITIES

Halfmoon NY 12065 - OBA Start Date: 09/13/2023

3. 03/2026 -National Life Group - Non-Variable Insurance - Inv Related - 2 Hour(s)/Month - 2 Hour(s) During Trading - Montpelier VT 05602 - OBA Start Date: 06/06/2017



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

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: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought: Other: N/A

Date Initiated: 09/23/2013

Docket/Case Number: 3-15514

Employing firm when activity occurred which led to the regulatory action: MGINN, SMITH & CO., INC.

Product Type: Other: PRIVATE PLACEMENTS

Allegations: SEC ADMIN RELEASES 33-9454, 34-70473, IA RELEASE 3674, INVESTMENT COMPANY ACT OF 1940 RELEASE 30694, SEPTEMBER 23, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("COMPANY ACT") AGAINST FRANK H. CHIAPPONE ("CHIAPPONE").

THE DIVISION OF ENFORCEMENT ALLEGES THAT: RESPONDENT CHIAPPONE, ALONG WITH OTHER RESPONDENTS, WERE AMONG THE TOP-SELLING BROKERS AT THEIR BROKER-DEALER/INVESTMENT ADVISER FIRM. THEY SOLD MILLIONS OF DOLLARS OF FIRM PRIVATE PLACEMENTS IN SPITE OF NUMEROUS RED FLAGS, INCLUDING A POLICY-WHICH WAS



CLEARLY INCONSISTENT WITH THE TERMS OF THE OFFERINGS-THAT REQUIRED THEM TO "REPLACE" CUSTOMERS SEEKING TO REDEEM NOTES WITH NEW CUSTOMERS BEFORE THE REDEMPTION WOULD BE HONORED. BASED ON THE CONDUCT, RESPONDENT CHIAPPONE COMMITTED THE FOLLOWING VIOLATIONS: A) CHIAPPONE WILLFULLY VIOLATED SECTIONS 5(A) AND (C) OF THE SECURITIES ACT BY OFFERING AND SELLING NOTES FOR WHICH NO REGISTRATION STATEMENTS WERE IN EFFECT; B) CHIAPPONE WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, BY KNOWINGLY OR RECKLESSLY, OR NEGLIGENTLY, FAILING TO PERFORM REASONABLE DUE DILIGENCE TO FORM A REASONABLE BASIS FOR THE RECOMMENDATIONS TO CUSTOMERS, AND MADE MISREPRESENTATIONS AND OMISSIONS IN RECOMMENDING FOUR FUNDS AND TRUST OFFERINGS.

THE RESPONDENTS, AS ASSOCIATED PERSONS OF A BROKER-DEALER, HAD AN OBLIGATION TO CONDUCT A REASONABLE INVESTIGATION OF THE ISSUERS IN ORDER TO FORM A REASONABLE BASIS FOR ANY RECOMMENDATION TO CUSTOMERS REGARDING THE FIRM OFFERINGS. BY MAKING A RECOMMENDATION, THE RESPONDENTS IMPLICITLY REPRESENTED TO THEIR CUSTOMERS THAT THEY HAD AN ADEQUATE BASIS FOR THE RECOMMENDATION. A BROKER HAS A DUTY TO INVESTIGATE THE TRUTH OF THE REPRESENTATIONS HE MAKES TO CUSTOMERS, BECAUSE, BY VIRTUE OF HIS TITLE, CUSTOMERS ARE ENTITLED TO PRESUME THAT THE REPRESENTATIONS MADE WERE THE RESULT OF REASONABLE INVESTIGATION.

THE RESPONDENTS BLINDLY RELIED UPON THE FIRM'S PRINCIPALS, EVEN IN THE FACE OF RED FLAGS. THE RESPONDENTS, AS LICENSED SECURITIES PROFESSIONALS, KNEW OR SHOULD HAVE KNOWN THAT SECURITIES ISSUED BY SMALLER COMPANIES OF RECENT ORIGIN REQUIRE MORE THOROUGH INVESTIGATION. THEY SHOULD NOT SIMPLY PARROT THE MARKETING INFORMATION FURNISHED BY THE PRINCIPALS, PARTICULARLY IN THE FACE OF RED FLAGS. IN ADDITION, WHERE RESPONDENTS LACKED ESSENTIAL INFORMATION ABOUT AN ISSUER OR ITS SECURITIES WHEN MAKING A RECOMMENDATION, THEY FAILED TO DISCLOSE THIS FACT AS WELL AS THE RISKS THAT AROSE FROM THEIR LACK OF INFORMATION.

THE RESPONDENTS' DUE DILIGENCE, WHICH AT BEST CONSISTED OF READING THE PPMS, WAS WHOLLY INADEQUATE, DESPITE THEIR KNOWLEDGE THAT THE ISSUERS WERE COMPLETELY CONTROLLED BY THE PRINCIPALS. THERE WERE NUMEROUS RED FLAGS, MOREOVER, THAT SHOULD HAVE ALERTED THE RESPONDENTS TO THE NEED FOR A THOROUGH INVESTIGATION. INSTEAD, THE RESPONDENTS BLINDLY SOLD WHATEVER PRIVATE PLACEMENT THE PRINCIPALS TOLD THEM TO SELL.

THE RESPONDENTS ALSO MADE MATERIAL MISREPRESENTATIONS AND OMISSIONS WHEN RECOMMENDING THE FOUR FUNDS AND TRUST OFFERINGS TO THEIR CUSTOMERS.

Current Status:	Final
Action Appealed To:	SEC
Date Appeal filed:	05/21/2015
Appeal Limitation Details:	
Resolution:	Order



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	12/21/2018
Sanctions Ordered:	Cease and Desist Disgorgement Monetary Penalty other than Fines
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?	No
(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or	No



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

No

Monetary Sanction 1 of 2

Monetary Related Sanction: Monetary Penalty other than Fines

Total Amount: \$3,181.49

Portion Levied against individual: \$3,181.49

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Disgorgement

Total Amount: \$23,329.00

Portion Levied against individual: \$23,329.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

SEC INITIAL DECISION RELEASE 745, FEBRUARY 25, 2015: Chiappone willfully violated Securities Act Sections 17(a)(1), 17(a)(2) and 17(a)(3) and Exchange Act Section 10(b)(5) and Rule 10b-5. IT IS ORDERED THAT CHIAPPONE IS SUSPENDED FOR TWELVE MONTHS FROM ASSOCIATION WITH AN INVESTMENT ADVISER, BROKER, DEALER, MUNICIPAL SECURITIES DEALER, MUNICIPAL ADVISOR, TRANSFER AGENT, OR NRSRO, AND FROM PARTICIPATING IN ANY OFFERING OF PENNY



STOCK. CHIAPPONE IS PROHIBITED FOR TWELVE MONTHS FROM SERVING OR ACTING AS AN EMPLOYEE, OFFICER, DIRECTOR, MEMBER OF AN ADVISORY BOARD, INVESTMENT ADVISER OR DEPOSITOR OF, OR PRINCIPAL UNDERWRITER FOR, A REGISTERED INVESTMENT COMPANY OR AFFILIATED PERSON OF SUCH INVESTMENT ADVISER, DEPOSITOR, OR PRINCIPAL UNDERWRITER. CHIAPPONE SHALL CEASE AND DESIST FROM THE VIOLATIONS OF SECTIONS 5(A), 5(C), AND 17(A) OF THE SECURITIES ACT OF 1933; AND SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5. IT IS FURTHER ORDERED THAT CHIAPPONE SHALL DISGORGE \$103,800, PLUS PREJUDGMENT INTEREST, AND PAY A CIVIL MONEY PENALTY OF \$130,000. THE INITIAL DECISION WILL NOT BECOME FINAL UNTIL AN ORDER OF FINALITY.

SEC ADMINISTRATIVE PROCEEDINGS RULINGS RELEASE 2528, APRIL 9, 2015:

RESPONDENT'S MOTION TO REDUCE DISGORGEMENT WAS GRANTED. CHIAPPONE IS ORDERED TO DISGORGE \$59,471, INSTEAD OF \$103,800. SEC Admin Release 33-9790, 34-75027, IA Release 40-31644 / May 21, 2015: On May 21, 2015 the respondent's petition for review of the administrative law judge's initial decision was granted.

On November 30, 2017, the Commission remanded the matter to the ALJ who issued the initial decision.

Administrative Proceedings Rulings Release No. 5665 / March 30, 2018:

The ALJ determined, upon reconsideration of the record and consideration of the parties' evidentiary submissions and briefing following remand, to RATIFY all actions taken in this proceeding and AMEND the ordering paragraphs in the Initial Decision.

It is ordered that Chiappone is suspended for twelve months from association with an investment adviser, broker, or dealer.

Chiappone shall disgorge \$23,329, plus prejudgment interest.

SEC Admin Release 33-10483, 34-83076, IA Release 40-4891, Investment Company Act of 1940 Release 33073 / April 20, 2018:

Respondent has indicated that he wish to pursue an appeal and to challenge the law judge's order. The Commission will now complete its consideration of respondent's appeal.

SEC Admin Releases 33-10595, 34-84913 / December 21, 2018: Respondent has submitted an Offer of Settlement (the Offer) which the Commission has determined to accept. In view of the foregoing, the Commission deems it appropriate in the public interest to impose the sanctions agreed to in the Respondent's Offer. As a result of the negligent conduct Respondent violated Section 17(a)(2) and (3) of the Securities Act. Accordingly, it is ordered that Respondent shall cease and desist from committing or causing violations of and any future violations of Section 17(a)(2) and (3) of the Securities Act; and pay disgorgement of \$23,329 and prejudgment interest of \$3181.49 in three equal installments of \$8836.83.

Reporting Source:	Individual
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	09/23/2013
Docket/Case Number:	3-15514



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

MGINN, SMITH & CO., INC.

Product Type:

Other: PRIVATE PLACEMENTS

Allegations:

SEC ADMIN RELEASES 33-9454, 34-70473, IA RELEASE 3674, INVESTMENT COMPANY ACT OF 1940 RELEASE 30694, SEPTEMBER 23, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("COMPANY ACT") AGAINST FRANK H. CHIAPPONE ("CHIAPPONE"). THE DIVISION OF ENFORCEMENT ALLEGES THAT: RESPONDENT CHIAPPONE, ALONG WITH OTHER RESPONDENTS, WERE AMONG THE TOP-SELLING BROKERS AT THEIR BROKER-DEALER/INVESTMENT ADVISER FIRM. THEY SOLD MILLIONS OF DOLLARS OF FIRM PRIVATE PLACEMENTS IN SPITE OF NUMEROUS RED FLAGS, INCLUDING A POLICY-WHICH WAS CLEARLY INCONSISTENT WITH THE TERMS OF THE OFFERINGS-THAT REQUIRED THEM TO "REPLACE" CUSTOMERS SEEKING TO REDEEM NOTES WITH NEW CUSTOMERS BEFORE THE REDEMPTION WOULD BE HONORED. BASED ON THE CONDUCT, RESPONDENT CHIAPPONE COMMITTED THE FOLLOWING VIOLATIONS: A) CHIAPPONE WILLFULLY VIOLATED SECTIONS 5(A) AND (C) OF THE SECURITIES ACT BY OFFERING AND SELLING NOTES FOR WHICH NO REGISTRATION STATEMENTS WERE IN EFFECT; B) CHIAPPONE WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, BY KNOWINGLY OR RECKLESSLY, OR NEGLIGENTLY, FAILING TO PERFORM REASONABLE DUE DILIGENCE TO FORM A REASONABLE BASIS FOR THE RECOMMENDATIONS TO CUSTOMERS, AND MADE MISREPRESENTATIONS AND OMISSIONS IN RECOMMENDING FOUR FUNDS AND TRUST OFFERINGS. THE RESPONDENTS, AS ASSOCIATED PERSONS OF A BROKER-DEALER, HAD AN OBLIGATION TO CONDUCT A REASONABLE INVESTIGATION OF THE ISSUERS IN ORDER TO FORM A REASONABLE BASIS FOR ANY RECOMMENDATION TO CUSTOMERS REGARDING THE FIRM OFFERINGS. BY MAKING A RECOMMENDATION, THE RESPONDENTS IMPLICITLY REPRESENTED TO THEIR CUSTOMERS THAT THEY HAD AN ADEQUATE BASIS FOR THE RECOMMENDATION. A BROKER HAS A DUTY TO INVESTIGATE THE TRUTH OF THE REPRESENTATIONS HE MAKES TO CUSTOMERS, BECAUSE, BY VIRTUE OF HIS TITLE, CUSTOMERS ARE ENTITLED TO PRESUME THAT THE REPRESENTATIONS MADE WERE THE RESULT OF REASONABLE INVESTIGATION. THE RESPONDENTS BLINDLY RELIED UPON THE FIRM'S PRINCIPALS, EVEN IN THE FACE OF RED FLAGS. THE RESPONDENTS, AS LICENSED SECURITIES PROFESSIONALS, KNEW OR SHOULD HAVE KNOWN THAT SECURITIES ISSUED BY SMALLER COMPANIES OF RECENT ORIGIN REQUIRE MORE THOROUGH INVESTIGATION. THEY SHOULD NOT SIMPLY PARROT THE MARKETING INFORMATION FURNISHED BY THE PRINCIPALS, PARTICULARLY IN THE FACE OF RED FLAGS. IN ADDITION, WHERE RESPONDENTS LACKED ESSENTIAL INFORMATION ABOUT AN ISSUER OR ITS SECURITIES WHEN MAKING A RECOMMENDATION, THEY FAILED TO DISCLOSE THIS FACT AS WELL AS THE RISKS THAT AROSE FROM THEIR LACK OF INFORMATION. THE RESPONDENTS' DUE DILIGENCE, WHICH AT BEST CONSISTED OF READING THE PPMS, WAS WHOLLY INADEQUATE, DESPITE THEIR KNOWLEDGE THAT THE ISSUERS WERE COMPLETELY CONTROLLED BY



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Current Status:	Final
Action Appealed To:	SEC
Date Appeal filed:	05/21/2015
Appeal Limitation Details:	
Resolution:	Order
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:	01/08/2019
Sanctions Ordered:	Cease and Desist Disgorgement Monetary Penalty other than Fines
Monetary Sanction 1 of 2	
Monetary Related Sanction:	Disgorgement
Total Amount:	\$23,329.00
Portion Levied against individual:	\$23,329.00
Payment Plan:	3 payments between January 2019 and December 2019
Is Payment Plan Current:	Yes
Date Paid by individual:	01/18/2019
Was any portion of penalty waived?	No
Amount Waived:	
Monetary Sanction 2 of 2	
Monetary Related Sanction:	Monetary Penalty other than Fines
Total Amount:	\$3,181.49
Portion Levied against individual:	\$3,181.49
Payment Plan:	3 payments between January 2019 and December 2019
Is Payment Plan Current:	Yes
Date Paid by individual:	
Was any portion of penalty waived?	No

**Amount Waived:****Broker Statement**

Mr. Chiappone denies the SEC's allegations of wrongdoing and has appealed the initial decision of the administrative law judge ("ALJ") to the Commission due to (1) erroneous conclusions of law that were made and applied, (2) erroneous findings that were made despite overwhelming evidence to the contrary, and (3) prejudicial error that was committed in the conduct of the hearing. There has been no final order entered by the Commission and no finding of wrongdoing by the Commission. On June 21, 2018, and prior to any final order of the SEC, the United States Supreme Court in *Lucia v. SEC*, 585 U.S. ____ (2018) held that the Commission's ALJs must be constitutionally appointed, and one who timely challenges the constitutional validity of the appointment of an officer who adjudicates his case (as Chiappone has done here) is entitled to a new hearing before a properly appointed official who has not previously heard his case and issued an initial decision on the merits. Mr. Chiappone contends that any new proceeding would be time-barred under 28 U.S.C. § 2462. Following the Court's decision in *Lucia*, the SEC issued an order staying all pending administrative proceedings. _____ In September 2013, the SEC commenced proceedings against 10 individuals, including Mr. Chiappone, before an administrative law judge (ALJ) regarding the sale of certain private placements from 2003 to 2009 at McGinn Smith & Co. ("McGinn Smith"). In June 2018, the United States Supreme Court ruled in *Lucia v. SEC*, 138 S. Ct. 2044 (2018), that, as Mr. Chiappone had maintained throughout, the ALJs were not constitutionally appointed. As a result of the Supreme Court's ruling, the ALJ's initial, non-binding decision, issued on February 25, 2015, was nullified in its entirety, and the SEC ordered that there be a new hearing before a new, constitutionally-appointed ALJ. Moreover, the ALJ had rejected the allegation of the Division of Enforcement ("Division") that McGinn Smith brokers, including Mr. Chiappone, were required to "replace" customers seeking to redeem notes with new customers before the redemption would be honored. After the Supreme Court's decision in *Lucia*, the Division proposed that the proceeding be resolved on a "no admit, no deny" basis solely with respect to a negligence claim. All other claims were abandoned, including any claim that Mr. Chiappone had acted fraudulently or had violated Sections 5(a) and (c) of the Securities Act of 1933 ("Securities Act"), or violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), or Rule 10b-5 thereunder, or Section 17(a)(1) of the Securities Act, as the SEC had originally alleged in 2013. The Division's proposed resolution did not include any suspension, bar, or monetary penalty, but did include \$23,329 in disgorgement, less than 5 percent of the amount originally claimed by the Division. (The reference to "Monetary penalty other than fines" does not refer to a penalty, but rather to prejudgment interest on the disgorgement amount.) To avoid many more years of protracted litigation and expense, including litigating that the proceeding is barred by the statute of limitations in 28 U.S.C. § 2462, and that the ALJs are still unconstitutional on another ground (an issue not addressed by the Supreme Court), Mr. Chiappone accepted the SEC's proposal. Mr. Chiappone paid has the first installment of his settlement amount on January 18, 2019 and the second installment that was due June 21, 2019 and had paid the instalment that was due December 21, 2019. As agreed with the Division, the settlement amount will go to the benefit of investors in the McGinn Smith private placements.



End of Report

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