



## IAPD Report

# RAYMOND HILL SMITH JR

CRD# 731506

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## 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

### RAYMOND HILL SMITH JR (CRD# 731506)

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 **03/06/2025**.

### CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
<b>B</b>	SMITH, BROWN & GROOVER, INC.	CRD# 1329	05/18/1981
<b>IA</b>	SMITH, BROWN & GROOVER INC. D/B/A SBG WEALTH MANAGEMENT	CRD# 1329	02/19/2003

### QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and **27** 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
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No information reported.

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	3
Customer Dispute	3



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

### Employment 1 of 1

Firm Name: **SMITH, BROWN & GROOVER INC. D/B/A SBG WEALTH MANAGEMENT**  
Main Address: 4001 VINEVILLE AVE  
MACON, GA 31210-5039  
Firm ID#: 1329

Regulator	Registration	Status	Date
<b>B</b> FINRA	General Securities Representative	Approved	05/18/1981
<b>B</b> FINRA	General Securities Principal	Approved	10/07/1986
<b>B</b> FINRA	Financial and Operations Principal	Approved	04/05/1988
<b>B</b> FINRA	Municipal Securities Representative	Approved	04/23/1993
<b>B</b> FINRA	Municipal Securities Principal	Approved	12/07/1993
<b>B</b> FINRA	Operations Professional	Approved	10/18/2011
<b>B</b> FINRA	Securities Trader	Approved	01/04/2016
<b>B</b> FINRA	Securities Trader Principal	Approved	02/03/2016
<b>B</b> FINRA	Compliance Officer	Approved	10/01/2018
<b>B</b> Arizona	Agent	Approved	05/12/2021
<b>B</b> California	Agent	Approved	05/02/2000
<b>B</b> Connecticut	Agent	Approved	01/03/2000
<b>B</b> District of Columbia	Agent	Approved	04/07/2015



### Qualifications

Regulator	Registration	Status	Date
B Florida	Agent	Approved	03/13/2000
B Georgia	Agent	Approved	10/24/1983
IA Georgia	Investment Adviser Representative	Approved	02/19/2003
B Hawaii	Agent	Approved	05/01/2002
B Idaho	Agent	Approved	11/02/1999
B Illinois	Agent	Approved	10/15/1999
B Indiana	Agent	Approved	06/15/2000
B Kentucky	Agent	Approved	10/04/1999
B Louisiana	Agent	Approved	10/04/1999
B Minnesota	Agent	Approved	09/22/1999
B Mississippi	Agent	Approved	01/10/2000
B New Jersey	Agent	Approved	10/06/1999
B New York	Agent	Approved	01/13/2001
B North Carolina	Agent	Approved	10/13/1999
IA North Carolina	Investment Adviser Representative	Approved	12/08/2017
B Ohio	Agent	Approved	03/22/2000
IA Ohio	Investment Adviser Representative	Approved	12/08/2017
B Oregon	Agent	Approved	02/04/2000
B Pennsylvania	Agent	Approved	12/16/1999



### Qualifications

Regulator	Registration	Status	Date
<b>B</b> South Carolina	Agent	Approved	08/24/1999
<b>B</b> Tennessee	Agent	Approved	12/07/2000
<b>IA</b> Tennessee	Investment Adviser Representative	Approved	05/27/2010
<b>B</b> Texas	Agent	Approved	03/05/2001
<b>B</b> Virginia	Agent	Approved	09/23/1999
<b>B</b> Washington	Agent	Approved	05/18/2000
<b>B</b> Wisconsin	Agent	Approved	02/25/2000
<b>B</b> Wyoming	Agent	Approved	12/18/2012

### Branch Office Locations

**SMITH, BROWN & GROOVER INC. D/B/A SBG WEALTH MANAGEMENT**  
4001 VINEVILLE AVENUE  
MACON, GA 31210-5039

**SMITH, BROWN & GROOVER INC. D/B/A SBG WEALTH MANAGEMENT**  
4001 VINEVILLE AVENUE  
MACON, GA 31210-5039







## 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 4 principal/supervisory exams, 6 general industry/product exams, and 2 state securities law exams.**


#### Principal/Supervisory Exams

Exam	Category	Date
 Compliance Officer Examination (S14)	Series 14	01/02/2023
 Municipal Securities Principal Examination (S53)	Series 53	12/06/1993
 Financial and Operations Principal Examination (S27)	Series 27	04/04/1988
 General Securities Principal Examination (S24)	Series 24	10/03/1986

#### General Industry/Product Exams

Exam	Category	Date
 Municipal Securities Representative Examination (S52TO)	Series 52TO	01/02/2023
 Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
 Securities Trader Exam (S57TO)	Series 57TO	01/02/2023
 Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
 Limited Representative-Equity Trader Exam (S55)	Series 55	08/23/1999
 General Securities Representative Examination (S7)	Series 7	05/16/1981

#### State Securities Law Exams


Exam	Category	Date
 Uniform Investment Adviser Law Examination (S65)	Series 65	09/30/1999



## Qualifications

### PASSED INDUSTRY EXAMS

#### State Securities Law Exams

Exam	Category	Date
 Uniform Securities Agent State Law Examination (S63)	Series 63	10/06/1983

### 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:

No information reported.

### 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
10/2024 - Present	SMITH, BROWN & GROOVER INC	REGISTERED REPRESENTATIVE	Y	MACON, GA, United States
07/1992 - 10/2024	SMITH, BROWN & GROOVER INC	PRESIDENT	Y	MACON, GA, 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) TWISTEM.COM, TIRE STEM MANUFACTURER, ONE HOUR PER WEEK, NO COMPENSATION
- 2) BOARD MEMBER PUREFY.COM, REFIANCE STUDENT LOANS, TWO HOURS PER WEEK, NO COMPENSATION
- 4) BOARD MEMBER GOODWILL OF MACON; 3 HOURS PER MONTH, NO COMPENSATION.
- 5) ACTS AS TRUSTEE FOR THE FOLLOWING: DANA S. RASHIDFAROKHI IRREVOCABLE TRUST; MARION KATHLEEN VESS SMITH & RAYMOND H. SMITH TRUSTS; GEORGE A. MCMANUS TRUSTS; JUANITA H. MCMANUS TRUSTS; CALVIN RANDALL MCMANUS TRUST; DEBRA MCMANUS TRUST; AND GEORGE MICHAEL MCMANUS TRUST.
- 6) ACTS AS POWER OF ATTORNEY FOR THE FOLLOWING: JOYCE R. SCHAFFER.



## 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	3
Customer Dispute	3

### 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 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** Maryland

**Sanction(s) Sought:** Revocation

**Date Initiated:** 12/11/2024

**Docket/Case Number:** BD20240472

**URL for Regulatory Action:**

**Employing firm when activity occurred which led to the regulatory action:** SMITH, BROWN & GROOVER, INC.

**Product Type:** No Product

**Allegations:** On November 6, 2024, Respondent and Smith, Brown & Groover, Inc. ("SBG"), entered into an Acceptance, Waiver and Consent ("AWC") with FINRA wherein, without admitting or denying any findings, Respondent consented to findings that, between July 2014 and February 2018, Respondent and SBG recommended a trading strategy, developed by Respondent, to 350 retail customers, 260 of whom were Respondent's customers, without fully understanding the features and risks of the highly risky and complex strategy or the exchange-traded note (ETN) that the strategy primarily invested in, and failed to reasonably supervise the suitability of the trading strategy by failing, among other things, to establish procedures for, or evaluate, the reasonable-basis suitability of products like the ETN or over-concentration in such products that would create a risk of loss inconsistent with customers' investment profiles. According to the AWC's findings, Respondent and SBG did not have a reasonable basis to recommend the trading strategy to any customer because contrary to guidance in the ETN's disclosure documents,



Respondent and SBG invested customers in the ETN for an extended period, an average of 72 days, including through periods of high volatility; Respondent and SBG conducted flawed testing of the trading strategy that relied on incomplete data and overestimated potential returns; and, in early 2018, customer accounts participating in the trading strategy were fully invested in the ETN when a surge in market volatility caused the ETN to drop in price and the issuer to call the ETN, resulting in the holders of the ETN, including the firm's customers, suffering near total losses on their investments.

**Current Status:** Final

**Resolution:** Consent

**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:** 02/25/2025

**Sanctions Ordered:** Other: Respondent's agent registration with the State of Maryland is terminated as of the date of the Consent Order. Respondent agrees not to apply or reapply for registration as a broker-dealer, agent, investment adviser or investment adviser representative with the State of Maryland.

### Disclosure 2 of 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:**

**Date Initiated:** 11/06/2024

**Docket/Case Number:** [2019063352401](#)

**Employing firm when activity occurred which led to the regulatory action:** Smith, Brown & Groover, Inc.

**Product Type:** Equity Listed (Common & Preferred Stock)

**Allegations:** Without admitting or denying the findings, Smith and his member firm consented to the sanctions and to the entry of findings that they recommended a trading strategy, developed by Smith, to their customers without fully understanding the features and risks of the strategy or the exchange-traded note (ETN) that the strategy primarily invested in, and without having a reasonable basis to recommend the strategy to any customer. The findings stated that the ETN was high-risk, complex, and designed to manage daily trading risk. The ETN's prospectus and pricing supplement disclosed that it may not be suitable for investors who planned to hold it for longer than one day and that investors could lose all of their investment during a spike in volatility. Despite developing and implementing the trading strategy at the firm, Smith did not fully understand the ETN, including its basic features, such as how the issuer maintained its inverse exposure to the underlying volatility index or that the ETN was designed to achieve its stated investment objective on a daily basis. Furthermore, contrary to the guidance in the ETN's disclosure documents, the firm and Smith invested customers in the ETN for extended periods of time, an average of 72 days,



including through periods of high volatility. In addition, prior to its implementation, the firm and Smith conducted flawed testing of the trading strategy that relied on incomplete data and that over-estimated potential returns. As a result, the firm and Smith had a mistaken understanding of the risk/reward profile of the strategy. Customer accounts participating in the trading strategy were fully invested in the ETN when a surge in market volatility caused the ETN to drop in price and the issuer, in turn, to call the ETN. As a result, holders of the ETN, including the firm's customers, suffered near total losses on their investments. The firm discontinued the strategy shortly thereafter. The findings also stated that the firm and Smith failed to reasonably supervise the suitability of the trading strategy by failing to establish and maintain a system, including WSPs, reasonably designed to achieve compliance with their suitability obligations. Smith was the firm's only principal and solely responsible for its supervision. Despite recommending to its customers a trading strategy that invested in a high-risk ETN, the firm had no policy or procedure for conducting a reasonable-basis analysis for such a product. The firm also had no procedures to evaluate whether customers' concentration in the strategy created a risk of loss inconsistent with the customers' investment profiles. Although the firm had an informal concentration limit of 10 percent, that limit was not documented in the firm's procedures and certain customers' concentration limits exceeded that threshold. In addition, the firm and Smith did not reasonably train registered representatives regarding the trading strategy or the ETN.

**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:** 11/06/2024

**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 2**

<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	any principal capacity
<b>Duration:</b>	four months
<b>Start Date:</b>	06/02/2025
<b>End Date:</b>	10/01/2025

**Sanction 2 of 2**

<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	All capacities
<b>Duration:</b>	six months
<b>Start Date:</b>	12/02/2024
<b>End Date:</b>	06/01/2025

**Monetary Sanction 1 of 1**

<b>Monetary Related Sanction:</b>	Civil and Administrative Penalty(ies)/Fine(s)
<b>Total Amount:</b>	\$15,000.00



**Portion Levied against individual:** \$15,000.00

**Payment Plan:**

**Is Payment Plan Current:**

**Date Paid by individual:** 11/19/2024

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

**Amount Waived:**

.....

**Reporting Source:** Individual

**Regulatory Action Initiated By:** Financial Industry Regulatory Authority (FINRA)

**Sanction(s) Sought:** Civil and Administrative Penalty(ies)/Fine(s)  
Suspension

**Date Initiated:** 11/06/2024

**Docket/Case Number:** [2019063352401](#)

**Employing firm when activity occurred which led to the regulatory action:** Smith, Brown & Groover, Inc.

**Product Type:** Other: Non-Traditional Exchange Traded Product (NT-ETP)

**Allegations:** On November 6, 2024, Mr. Smith submitted a Letter of Acceptance, Waiver and Consent (AWC) with the Financial Industry Regulatory Authority (FINRA) without admitting or denying the finding that he recommended a trading strategy in a Non-Traditional Exchange Traded Product (NT-ETP) without reasonable basis. He also did not reasonably supervise the trading strategy.

**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?** Yes

**Resolution Date:** 11/06/2024

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

**Sanction 1 of 1**

**Sanction Type:** Suspension

**Capacities Affected:** All Capacities

**Duration:** Six months

**Start Date:** 12/02/2024

**End Date:** 06/02/2025



**Monetary Sanction 1 of 1**

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

**Total Amount:** \$15,000.00

**Portion Levied against individual:** \$15,000.00

**Payment Plan:** Paid by check in full

**Is Payment Plan Current:** Yes

**Date Paid by individual:** 11/15/2024

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

**Amount Waived:**

**Disclosure 3 of 3**

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE, SECURITIES DIVISION

**Sanction(s) Sought:** Other: CONTRIBUTION TO THE TENNESSEE INVESTOR EDUCATION FUND

**Date Initiated:** 10/11/2000

**Docket/Case Number:** NO.: 00-12

**URL for Regulatory Action:**

**Employing firm when activity occurred which led to the regulatory action:** SMITH, BROWN & GROOVER, INC. (1329)

**Product Type:** Other: VARIOUS PUBLICLY TRADED SECURITIES.

**Allegations:** UNREGISTERED AGENT ACTIVITY. PRIOR TO THE DATE OF THE ENTRY OF THIS CONSENT ORDER, RAYMOND HILL SMITH, JR., DID EFFECT APPROXIMATELY SIXTY-FIVE (65) BUY OR SELL TRANSACTIONS IN SECURITIES IN THIRTEEN (13) SEPARATE ACCOUNTS WHERE THE HOLDERS OF THOSE ACCOUNTS WERE RESIDENTS OF THE STATE OF TENNESSEE.

**Current Status:** Final

**Resolution:** Consent

**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:** 10/11/2000

**Sanctions Ordered:** Other: RAYMOND HILL SMITH, JR., SHALL MAKE A CONTRIBUTION TO THE TENNESSEE INVESTOR EDUCATION FUND IN THE AMOUNT OF FIVE HUNDRED DOLLARS (\$500.00).



<b>Reporting Source:</b>	Individual
<b>Regulatory Action Initiated By:</b>	TENNESSEE COMMISSIONER OF COMMERCE & INSURANCE
<b>Sanction(s) Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	10/11/2000
<b>Docket/Case Number:</b>	00-12
<b>Employing firm when activity occurred which led to the regulatory action:</b>	SMITH, BROWN & GROOVER, INC
<b>Product Type:</b>	Equity Listed (Common & Preferred Stock)
<b>Other Product Type(s):</b>	EQUITY - OTC AND MUTUAL FUNDS
<b>Allegations:</b>	APPLICANT CONDUCTED BUSINESS IN TENNESSEE PRIOR TO BECOMING REGISTERED.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	11/02/2000
<b>Sanctions Ordered:</b>	Monetary/Fine \$500.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	CONTRIBUTION WAS ORDERED IN THE AMOUNT OF \$500 MADE PAYABLE TO THE TENNESSEE INVESTOR EDUCATION FUND.
<b>Broker Statement</b>	APPLICANT'S FIRM NOTIFIED TENN IN JULY 1999 THAT IT HAD DISCOVERED ACCOUNTS IN THAT STATE PRIOR TO ITS APPLICATION SUBMISSION AND BELIEVED ITSELF TO BE IN VIOLATION OF REGULATIONS. A HISTORY OF PRIOR ACTIVITY WAS PROVIDED TO THE TENNESSEE AND THE FIRM ADVISED TENNESSEE THAT IT DID NOT ACTIVELY SOLICIT SUCH CLIENTS WHO WERE EITHER FORMER GEORGIA RESIDENTS OR WHO WERE REFERRALS. THE CONSENT ORDER REQUIRED BOTH THE FIRM AND TWO OFFICERS (ONE BEING THE APPLICANT) TO MAKE CONTRIBUTIONS TO THE TENN INVESTOR ED FUND. PAYMENT WAS MADE ON 11/02/2000. THE FIRM AND THE APPLICANT'S REGISTRATIONS ARE EXPECTED TO BE APPROVED IN THE NEAR FUTURE.



## 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 3

<b>Reporting Source:</b>	Individual
<b>Employing firm when activities occurred which led to the complaint:</b>	Smith, Brown & Groover, Inc.
<b>Allegations:</b>	See the Claimant's Statement of Claim filed with FINRA for detailed claim. Claimant's allege breach of fiduciary duty and failure to supervise in relation to a volatility-linked product.
<b>Product Type:</b>	Other: ETN
<b>Alleged Damages:</b>	\$0.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	Unspecified per Claimant's Statement of Claim.

### Arbitration Information

<b>Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):</b>	FINRA
<b>Docket/Case #:</b>	19-03135
<b>Date Notice/Process Served:</b>	10/23/2019
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	06/21/2022
<b>Monetary Compensation Amount:</b>	\$554,406.00
<b>Individual Contribution Amount:</b>	\$0.00

### Disclosure 2 of 3

<b>Reporting Source:</b>	Individual
<b>Employing firm when activities occurred which led to the complaint:</b>	Smith, Brown & Groover, Inc.
<b>Allegations:</b>	Claimant alleges negligence, suitability, negligent misrepresentation and omission, intentional misrepresentation and omission, fraud, violation of Georgia securities laws and statutes and the Investment Advisors Act of 1940, control personal liability, breach of fiduciary duty, failure to supervise, etc.. in regards to volatility-linked products and variable annuities from July 2008 to the time of the filing.
<b>Product Type:</b>	Annuity-Variable



**Alleged Damages:** Other: ETN  
\$0.00

**Alleged Damages Amount Explanation (if amount not exact):** See DAMAGES section of the Claimants's Statement of Claim and Demand for Arbitration filed with FINRA which states "Market adjusted damages are appropriate to calculate what Richard should have received ad SBG and Bis made appropriate recommendations to purchase lower-cost variable annuities consistent with Richard's goals and risk tolerance." and "Claimant's damages are calculated to be in excess of \$500,000 and less than \$1,000,000" for variable annuities and "Rescissionary damages in an amount of \$587,931.66 for the losses related to the solicitation and purchase of the XIV strategy and its resultant losses, plus interest" plus commissions, fees, interest, costs of arbitration, punitive damages and attorney's fees.

### Arbitration Information

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

**Docket/Case #:** 19-01344

**Date Notice/Process Served:** 05/23/2019

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 12/20/2022

**Monetary Compensation Amount:** \$425,000.00

**Individual Contribution Amount:** \$0.00

### Disclosure 3 of 3

**Reporting Source:** Individual

**Employing firm when activities occurred which led to the complaint:** Smith, Brown & Groover, Inc.

**Allegations:** Claimants allege that SB&G used discretion to invest in volatility-linked products that were inconsistent with the stated investment objectives and risk-tolerance and unsuitable due to the claimants being neither sophisticated nor institutional investors.

**Product Type:** Other: ETN

**Alleged Damages:** \$0.00

**Alleged Damages Amount Explanation (if amount not exact):** See DAMAGES section of the Claimant's Statement of Claim filed with FINRA. No specific damages amount is stated. Claimant would like to recover all amounts lost plus interest or damages in the amounts that a "well-managed" account would have earned plus any commissions earned and attorney fees.

### Arbitration Information

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

**Docket/Case #:** 19-00400



<b>Date Notice/Process Served:</b>	02/11/2019
<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	09/10/2019
<b>Monetary Compensation Amount:</b>	\$132,500.00
<b>Individual Contribution Amount:</b>	\$0.00



## End of Report

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