

BrokerCheck Report

C. L. KING & ASSOCIATES, INC.

CRD# 6183

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About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck 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 broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



C. L. KING & ASSOCIATES, INC.

CRD# 6183

SEC# 8-17025

Main Office Location

NINE ELK STREET
ALBANY, NY 12207
Regulated by FINRA Woodbridge Office

Mailing Address

NINE ELK STREET
ALBANY, NY 12207

Business Telephone Number

518-431-3555

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 03/03/1972.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 3 Self-Regulatory Organizations
- 35 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 11 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	7
Arbitration	2
Bond	1



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 03/03/1972.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

C. L. KING & ASSOCIATES, INC.

Doing business as C. L. KING & ASSOCIATES, INC.

CRD# 6183

SEC# 8-17025

Main Office Location

NINE ELK STREET
ALBANY, NY 12207

Regulated by FINRA Woodbridge Office

Mailing Address

NINE ELK STREET
ALBANY, NY 12207

Business Telephone Number

518-431-3555



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any): WEIR, CANDACE KING
269796

Is this a domestic or foreign entity or an individual? Individual

Position PRESIDENT/DIRECTOR, CEO

Position Start Date 03/1972

Percentage of Ownership 50% but less than 75%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): WEIR, AMELIA FARLEY
1497338

Is this a domestic or foreign entity or an individual? Individual

Position SHAREHOLDER

Position Start Date 12/1979

Percentage of Ownership 10% but less than 25%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): WEIR, KATHERINE BROUSSARD
1497339

Is this a domestic or foreign entity or an individual? Individual

Position SHAREHOLDER

Firm Profile**Direct Owners and Executive Officers (continued)**

Position Start Date	12/1979
Percentage of Ownership	10% but less than 25%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BENTON, ROBERT ALBERT 4378310
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF FINANCIAL OFFICER, DIRECTOR, PRINCIPAL FINANCIAL OFFICER
Position Start Date	02/2001
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	GIMON, RICHARD JAMES 3217139
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER, MANAGING DIRECTOR
Position Start Date	09/2017
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.



Indirect Owners

No information reported.

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 3 SROs and 35 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	04/19/1972

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	05/01/1972
NYSE Arca, Inc.	Approved	01/13/2004
Nasdaq Stock Market	Approved	07/12/2006



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective
Arizona	Approved	12/12/2007
California	Approved	03/08/1993
Connecticut	Approved	08/05/1992
Delaware	Approved	01/03/2008
District of Columbia	Approved	03/24/1993
Florida	Approved	11/09/1992
Georgia	Approved	06/30/1992
Illinois	Approved	07/28/1992
Indiana	Approved	08/13/1992
Kansas	Approved	05/24/1990
Louisiana	Approved	06/10/1996
Maine	Approved	03/04/1994
Maryland	Approved	04/19/1990
Massachusetts	Approved	02/03/1983
Michigan	Approved	11/28/2007
Minnesota	Approved	07/30/1992
Montana	Approved	11/27/2007
Nevada	Approved	01/10/1994
New Hampshire	Approved	11/01/1993
New Jersey	Approved	02/01/1993
New Mexico	Approved	09/23/1996
New York	Approved	03/30/1984
North Carolina	Approved	03/16/1994
Ohio	Approved	09/30/1992
Oregon	Approved	12/11/2007
Pennsylvania	Approved	11/23/1982
Rhode Island	Approved	07/28/1992
South Carolina	Approved	06/23/2014
Texas	Approved	06/20/1990
Utah	Approved	05/19/2011
Vermont	Approved	05/07/1990
Virginia	Approved	11/02/1993
Washington	Approved	01/03/1994

U.S. States & Territories	Status	Date Effective
Wisconsin	Approved	01/03/2012
Wyoming	Approved	12/05/2007



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 11 types of businesses.

Types of Business

Broker or dealer making inter-dealer markets in corporation securities over-the-counter

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

Mutual fund retailer

U S. government securities dealer

Municipal securities dealer

Municipal securities broker

Non-exchange member arranging for transactions in listed securities by exchange member

Trading securities for own account

Other - INVESTMENT BANKING, EQUITY RESEARCH

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	HILLTOP SECURITIES INC.
CRD #:	6220
Business Address:	1201 ELM STREET, SUITE 3500 DALLAS, TX 75270
Effective Date:	05/13/2019
Description:	CLEARING AND SETTLEMENT SERVICES, BACK OFFICE, PRIMARY SOURCE OF BOOKS AND RECORDS

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name:	FIS WALL STREET CONCEPTS
Business Address:	59 MAIDEN LANE 32ND FLOOR NEW YORK, NY 10038
Effective Date:	04/22/2016
Description:	TAX FORM 1099B COMPOSITION AND ARCHIVING. SECONDARY SOURCE OF BOOKS AND RECORDS.
Name:	BMO HARRIS BANK, N.A.
Business Address:	111 W. MONROE STREET CHICAGO, IL 60603
Effective Date:	12/01/2015
Description:	SECONDARY SOURCE OF BOOKS AND RECORDS
Name:	DTCC ITP LLC
Business Address:	55 THOMSON PLACE BOSTON, MA 02210
Effective Date:	12/01/2015
Description:	DTCC ITP LLC WILL ARCHIVE, IN ELECTRONIC FORMAT, TRADE CONFIRMATIONS
Name:	BROADRIDGE FINANCIAL SOLUTIONS, INC.
Business Address:	51 MERCEDES WAY EDGEWOOD, NY 11717
Effective Date:	08/26/2009
Description:	ELECTRONIC ARCHIVAL OF FIRM'S BOOKS AND RECORDS.
Name:	REFINITIV
Business Address:	350 NORTH SUNNY SLOPE ROAD BROOKFIELD, WI 53005
Effective Date:	07/09/2012
Description:	BACKOFFICE SERVICES PROVIDER; SECONDARY SOURCE FOR BOOKS AND RECORDS.

Firm Operations



Industry Arrangements (continued)

Name:	PROOFPOINT
Business Address:	892 ROSS DRIVE SUNNYVALE, CA 94089
Effective Date:	08/07/2008
Description:	ARCHIVAL OF ELECTRONIC COMMUNICATIONS; USED FOR SUPERVISORY REVIEWS OF ELECTRONIC CORRESPONDENCE.
Name:	BLOOMBERG LP
Business Address:	731 LEXINGTON AVENUE NEW YORK, NY 10022
Effective Date:	01/01/2008
Description:	FIXED INCOME AND EQUITY TRADING SYSTEM; SECONDARY SOURCE FOR BOOKS AND RECORDS; PROVIDES FIRM WITH DAILY REPORTS.
Name:	IRON MOUNTAIN INC.
Business Address:	ROUTE 9 W SOUTH PORT EWEN, NY 12466
Effective Date:	01/01/2008
Description:	STORAGE OF HARD COPY BOOKS AND RECORDS.
Name:	IRON MOUNTAIN INC.
Business Address:	3 GREEN MOUNTAIN DRIVE COHOES, NY 12207
Effective Date:	01/01/2008
Description:	STORAGE OF TAPES AND HARD DRIVES.
Name:	PAYCHEX INC.
Business Address:	286 WASHINGTON AVE. EXT. ALBANY, NY 12212
Effective Date:	01/01/2008
Description:	PAYROLL PREPARATION SERVICE. SECONDARY SOURCE OF BOOKS AND RECORDS.
Name:	FIRST LIGHT FIBER
Business Address:	11 NORTH PEARL ST. ALBANY, NY 12207
Effective Date:	01/01/2008

Firm Operations



Industry Arrangements (continued)

Description: PRIMARY HOUSING OF SERVERS. SECONDARY SOURCE OF BOOKS AND RECORDS.

Name: SS&C TECHNOLOGIES

Business Address: 80 LAMBERTON ROAD
WINDSOR, CT 06095

Effective Date: 01/01/2008

Description: USE OF EQUITY TRADING SYSTEM, SECONDARY SOURCE FOR BOOKS & RECORDS.

This firm does have accounts, funds, or securities maintained by a third party.

Name: BATTEA CLASS ACTION SERVICES, LLC

Business Address: 333 LUDLOW STREET
STAMFORD HARBOR PARK
STAMFORD, CT 06902

Effective Date: 03/08/2011

Description: PROVIDES SERVICES RELATED TO CLASS ACTION CLAIM. MONIES RECOVERED HELD IN ESCROW ACCOUNT, WHICH IS KEPT ON FIRM BOOKS AND RECORDS.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: HILLTOP SECURITIES INC.

CRD #: 6220

Business Address: 1201 ELM STREET, SUITE 3500
DALLAS, TX 10038

Effective Date: 05/13/2019

Description: CLEARING AND SETTLEMENT SERVICES, BACK OFFICE, PRIMARY SOURCE OF BOOKS AND RECORDS.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

PCM VENTURES III LLC is under common control with the firm.

Business Address:	9 ELK STREET ALBANY, NY 12207
Effective Date:	01/01/2011
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	PCM VENTURES III, LLC IS THE MANAGING MEMBER OF PCM PARTNERS III LLC. UNDER COMMON OWNERSHIP AS APPLICANT. (CANDACE KING WEIR)

PCM VENTURES INTERNATIONAL LLC is under common control with the firm.

Business Address:	9 ELK STREET ALBANY, NY 12207
Effective Date:	11/07/2011
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	PCM VENTURES INTERNATIONAL, LLC IS THE INVESTMENT MANAGER OF PCM PARTNERS INTERNATIONAL LTD. UNDER COMMON OWNERSHIP AS APPLICANT. (CANDACE KING WEIR)

PCM VENTURES II LLC is under common control with the firm.

Firm Operations**Organization Affiliates (continued)**

Business Address: 9 ELK STREET
ALBANY, NY 12207

Effective Date: 11/08/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: PCM VENTURES II, LLC IS THE GENERAL PARTNER OF PCM PARTNERS LP II. UNDER COMMON OWNERSHIP AS APPLICANT. (CANDACE KING WEIR)

PCM VENTURES LLC is under common control with the firm.

Business Address: 9 ELK STREET
ALBANY, NY 12207

Effective Date: 11/07/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: PCM VENTURES, LLC IS THE GENERAL PARTNERS OF PCM PARTNERS LP I. UNDER COMMON OWNERSHIP AS APPLICANT. (CANDACE KING WEIR, AMELIA FARLEY WEIR, KATHERINE BROUSSARD WEIR).

PARADIGM FUNDS ADVISOR LLC is under common control with the firm.

CRD #: 136481

Business Address: 9 ELK STREET
ALBANY, NY 12207

Effective Date: 08/19/2005

Foreign Entity: No

Country:

Securities Activities: No

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: Yes

Description: C.L. KING & ASSOCIATES IS UNDER COMMON CONTROL WITH PARADIGM FUNDS ADVISOR LLC.

PARADIGM CAPITAL MGMT.INC is under common control with the firm.

CRD #: 107982

Business Address: NINE ELK STREET
ALBANY, NY 122

Effective Date: 06/28/1993

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: C. L. KING & ASSOCIATES IS UNDER COMMON CONTROL WITH PARADIGM CAPITAL MANAGEMENT, INC., A REGISTERED INVESTMENT ADVISER.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	7	0
Arbitration	N/A	2	N/A
Bond	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final 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 involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 7

Reporting Source: Regulator
Current Status: Final



Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO ENFORCE PROCEDURES REGARDING THE DISTRIBUTION OF RESEARCH BETWEEN THE FIRM'S RESEARCH AND ITS TRADING AND SALES PERSONNEL, AND FAILED TO ADEQUATELY SUPERVISE THE PROCESS BY WHICH THE FIRM DISTRIBUTED RESEARCH REPORTS TO CUSTOMERS. THE FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) PROHIBITED ITS RESEARCH ANALYSTS FROM "DISCUSSING PENDING RESEARCH REPORTS WITH TRADING PERSONNEL PRIOR TO PUBLIC DISSEMINATION." HOWEVER, THE FIRM'S RESEARCH DEPARTMENT ROUTINELY SENT FINALIZED COPIES OF RESEARCH REPORTS TO SALES AND TRADING PERSONNEL AT THE FIRM BEFORE IT DISSEMINATED THE RESEARCH VIA ITS INTERNET RESEARCH DISTRIBUTION PLATFORM. LIKewise, EVEN THOUGH THE FIRM'S WSPS REQUIRED THAT RESEARCH BE "DISTRIBUTED TO ALL ACCOUNTS AND OTHER RECIPIENTS AT THE SAME TIME," THE FIRM FAILED TO ADEQUATELY ENFORCE THIS PROCEDURE. THE FIRM'S RESEARCH DEPARTMENT ROUTINELY SENT FINALIZED RESEARCH REPORTS TO ITS TRADING AND SALES PERSONNEL WHO, IN TURN, EMAILED THE REPORTS TO CERTAIN OF THE FIRM'S CUSTOMERS, CHOSEN BASED ON THEIR DETERMINATIONS ABOUT WHICH CUSTOMERS WERE LIKELY TO BE INTERESTED IN RECEIVING THE REPORTS. CONSEQUENTLY, THE FIRM FAILED TO PREVENT PENDING RESEARCH REPORTS FROM BEING DISTRIBUTED TO SOME OF ITS CUSTOMERS BEFORE OTHERS RECEIVED THE REPORTS VIA THE FIRM'S INTERNET RESEARCH DISTRIBUTION PLATFORM.

Initiated By: FINRA

Date Initiated: 01/22/2018

Docket/Case Number: [2014039030201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/22/2018



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND FINED \$75,000. FINES PAID IN FULL ON FEBRUARY 1, 2018.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT FROM JANUARY 1, 2014 THROUGH NOVEMBER 1, 2014 IT FAILED TO ENFORCE PROCEDURES REGARDING THE DISTRIBUTION OF RESEARCH BETWEEN THE FIRM'S RESEARCH AND ITS TRADING AND SALES PERSONNEL, AND FAILED TO ADEQUATELY SUPERVISE THE PROCESS BY WHICH THE FIRM DISTRIBUTED RESEARCH REPORTS TO CUSTOMERS. THE FINDINGS STATED THAT THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) PROHIBITED ITS RESEARCH ANALYSTS FROM "DISCUSSING PENDING RESEARCH REPORTS WITH TRADING PERSONNEL PRIOR TO PUBLIC DISSEMINATION." HOWEVER, THE FIRM'S RESEARCH DEPARTMENT ROUTINELY SENT FINALIZED COPIES OF RESEARCH REPORTS TO SALES AND TRADING PERSONNEL AT THE FIRM BEFORE IT DISSEMINATED THE RESEARCH VIA ITS INTERNET RESEARCH DISTRIBUTION PLATFORM. LIKEWISE, EVEN THOUGH THE FIRM'S WSPS REQUIRED THAT RESEARCH BE "DISTRIBUTED TO ALL ACCOUNTS AND OTHER RECIPIENTS AT THE SAME TIME," THE FIRM FAILED TO ADEQUATELY ENFORCE THIS PROCEDURE. THE FIRM'S RESEARCH DEPARTMENT ROUTINELY SENT FINALIZED RESEARCH REPORTS TO ITS TRADING AND SALES PERSONNEL WHO, IN TURN, EMAILED THE REPORTS TO CERTAIN OF THE FIRM'S CUSTOMERS, CHOSEN BASED ON THEIR DETERMINATIONS ABOUT WHICH CUSTOMERS WERE LIKELY TO BE INTERESTED IN RECEIVING THE REPORTS. CONSEQUENTLY, THE FIRM FAILED TO PREVENT PENDING RESEARCH REPORTS FROM BEING DISTRIBUTED TO SOME OF ITS CUSTOMERS BEFORE OTHERS RECEIVED THE REPORTS VIA THE FIRM'S INTERNET RESEARCH DISTRIBUTION PLATFORM.

Initiated By:

FINRA



Date Initiated: 01/22/2018

Docket/Case Number: [2014039030201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/22/2018

Sanctions Ordered: Censure
Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$75,000.

Firm Statement THE FINDINGS DID NOT INCLUDE ANY VIOLATIONS OF FINRA RULE 5280(A), WHICH PROHIBITS THE FIRM FROM TRADING AHEAD OF ITS RESEARCH REPORTS. NOR DID THE FINDINGS CONCLUDE THAT THE FIRM OR ITS EMPLOYEES PURPOSELY FAVORED ONE OR MORE CLIENTS OVER OTHER CLIENTS IN ITS DISTRIBUTION OF ANY OF ITS RESEARCH REPORTS. CORRECTIVE ACTION WAS TAKEN BY THE FIRM IN DECEMBER 2014.

Disclosure 2 of 7

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT OPTIONS POSITIONS TO THE LARGE OPTIONS POSITION REPORTING (LOPR) DUE TO SUBMISSION OF THE POSITIONS WITH THE WRONG EFFECTIVE DATE AND DUE TO A FAILURE TO PROPERLY AGGREGATE ACCOUNTS ACTING-IN-CONCERT. THE FINDINGS STATED THAT THE FIRM INACCURATELY REPORTED POSITIONS TO THE LOPR WITH ERRORS IN THE ACCOUNT NAME, ACCOUNT ADDRESS, TAX IDENTIFICATION AND/OR TAX TYPE DATA FIELDS AND INACCURATELY OVER-REPORTED POSITIONS TO THE LOPR. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO RESUBMIT REJECTED RECORDS TO THE LOPR. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND



MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING THE REPORTING OF POSITIONS TO THE LOPR.

Initiated By: FINRA

Date Initiated: 07/27/2016

Docket/Case Number: [2013037862201](#)

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/27/2016

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$27,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$27,500. IN DETERMINING TO RESOLVE THIS MATTER, FINRA TOOK INTO CONSIDERATION THAT THE FIRM TOOK PROMPT CORRECTIVE ACTION TO FIX CERTAIN ISSUES, PRIOR TO NOTICE FROM FINRA. FINE PAID IN FULL ON AUGUST 10, 2016.

Reporting Source: Firm

Current Status: Final

Allegations: ON JULY 27, 2016, WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM ENTERED INTO AN ACCEPTANCE, WAIVER AND CONSENT (AWC) IN CONNECTION WITH THE REPORTING OF OPTIONS POSITIONS TO THE LARGE OPTIONS REPORTING (LOPR). THE AWC STATES THAT THE FIRM REPORTED CERTAIN POSITIONS TO THE LOPR WITH ERRORS IN THE



ACCOUNT NAME, ACCOUNT ADDRESS, TAX IDENTIFICATION AND/OR TAX TYPE DATA FIELDS. IN A SMALLER NUMBER OF INSTANCES, THE FIRM ALSO SUBMITTED CERTAIN POSITIONS WITH THE WRONG EFFECTIVE DATE, FAILED TO AGGREGATE CERTAIN ACCOUNTS ACTING IN CONCERT AND FAILED TO RESUBMIT REJECTED RECORDS TO THE LOPR. AS A RESULT, THE FINDINGS ALSO CONCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND FINRA RULES, CONCERNING THE REPORTING OF POSITIONS TO THE LOPR.

Initiated By: FINRA

Date Initiated: 07/26/2016

Docket/Case Number: [2013037862201](#)

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/26/2016

Sanctions Ordered: Censure
Monetary/Fine \$27,500.00

Other Sanctions Ordered:

Sanction Details: MONETARY/FINE OF \$27,500 WAS PAID BY CHECK ON 8/9/16.

Firm Statement THE FIRM AGREED TO A CENSURE AND A FINE OF \$27,500. THE AWC NOTES THAT THE FIRM TOOK PROMPT CORRECTIVE ACTION TO FIX CERTAIN ISSUES, PRIOR TO NOTICE FROM FINRA.

Disclosure 3 of 7

Reporting Source: Regulator

Current Status: Final

Allegations: THE FIRM WAS NAMED A RESPONDENT IN A FINRA COMPLAINT ALLEGING THAT IT ASSISTED ITS CUSTOMER AND THE CUSTOMER'S MANAGING MEMBER IN A SCHEME TO PROFIT FROM THE DEATHS OF VULNERABLE ELDERLY AND TERMINALLY ILL PATIENTS. THE COMPLAINT ALLEGES THAT



THE FIRM'S CUSTOMER IDENTIFIED AND RECRUITED TERMINALLY ILL INDIVIDUALS BY OFFERING TO PAY THEM BETWEEN \$10,000 AND \$15,000 IN EXCHANGE FOR THEIR AGREEMENT TO OPEN A JOINT BROKERAGE ACCOUNT WITH THE MANAGING MEMBER. THE FIRM OPENED ACCOUNTS FOR THE CUSTOMER IN THE NAME OF THE MANAGING MEMBER AND THAT OF ONE OF SEVERAL TERMINALLY ILL INDIVIDUALS. ALTHOUGH THESE ACCOUNTS OSTENSIBLY WERE OPENED BY THE MANAGING MEMBER AND THE TERMINALLY ILL INDIVIDUALS AS JOINT ACCOUNTS, THE CUSTOMER REQUIRED THE TERMINALLY ILL INDIVIDUALS TO SIGN SIDE AGREEMENTS RELINQUISHING THEIR RIGHTS OVER, AND RESPONSIBILITIES FOR, THE ASSETS IN THE ACCOUNTS. ONCE OPENED, THE CUSTOMER USED THE JOINT ACCOUNTS AT THE FIRM TO PURCHASE DISCOUNTED CORPORATE BONDS, NOTES, AND MARKET-LINKED CDS CONTAINING A SURVIVOR'S OPTION OR "DEATH PUT" (COLLECTIVELY, THE "DEATH PUT INVESTMENTS"), WHICH ALLOWED THE CUSTOMER AND ITS MANAGING MEMBER TO REDEEM THE INVESTMENTS FOR THE FULL PRINCIPAL AMOUNT PRIOR TO MATURITY UPON THE DEATH OF A BENEFICIAL OWNER. WHEN THE TERMINALLY ILL INDIVIDUAL DIED, THE FIRM REDEEMED THE DEATH PUT INVESTMENTS ON BEHALF OF THE CUSTOMER. IN TOTAL, THE FIRM REDEEMED APPROXIMATELY \$60 MILLION IN DEATH PUT INVESTMENTS. THE FIRM MADE AT LEAST \$1.2 MILLION IN MARGIN INTEREST AND TRADING PROFITS FROM THE CUSTOMER'S DEATH PUT BUSINESS. HOWEVER, IN CONNECTION WITH THESE REDEMPTIONS, THE FIRM MADE MATERIAL MISREPRESENTATIONS AND FAILED TO PROVIDE ALL MATERIAL INFORMATION TO THE ISSUERS, INCLUDING THE FACT THAT THE DECEASED ACCOUNT HOLDERS WERE NOT THE BENEFICIAL OWNERS OF THE DEATH PUT INVESTMENTS. THUS, THE FIRM MADE MATERIAL MISREPRESENTATIONS AND FAILED TO DISCLOSE ALL MATERIAL FACTS TO ISSUERS IN CONNECTION WITH THE DEATH PUT INVESTMENT REDEMPTIONS. THE FIRM DID NOT PROVIDE ANY OF THE ISSUERS OR ISSUERS' AGENTS WITH PARTICIPANT AGREEMENTS AS PART OF THE REDEMPTION DOCUMENTATION, EVEN THOUGH IT WAS AWARE OF THE EXISTENCE OF THE PARTICIPANT AGREEMENTS. AS A RESULT, THE FIRM ACTED IN CONTRAVENTION OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933. THE COMPLAINT ALSO ALLEGES THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A REASONABLY DESIGNED SUPERVISORY SYSTEM, INCLUDING WSPS, TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS, AND NASD AND FINRA RULES WITH REGARD TO THE REDEMPTION OF THE DEATH PUT INVESTMENTS. THE FIRM FAILED TO IMPLEMENT ANY SUPERVISORY SYSTEM OR PROCESSES TO ADDRESS ANY ASPECT OF THE DEATH PUT INVESTMENT BUSINESS. THE COMPLAINT FURTHER ALLEGES THAT THE FIRM, ACTING THROUGH ITS AMLCO, FAILED TO ESTABLISH AND IMPLEMENT A REASONABLY DESIGNED AML PROGRAM TO DETECT, INVESTIGATE AND REPORT, WHERE APPROPRIATE, POTENTIALLY SUSPICIOUS ACTIVITY RELATED TO



THE SALE OF LOW-PRICED PENNY STOCKS BY THE FIRM'S CUSTOMERS, INCLUDING TWO TOXIC-DEBT FINANCIERS, WHO COLLECTIVELY LIQUIDATED MORE THAN 11 BILLION SHARES OF NUMEROUS PENNY STOCKS THROUGH THE FIRM. THE FINANCIERS' PENNY STOCK LIQUIDATIONS GENERATED PROCEEDS OF MORE THAN \$14.39 MILLION AND \$4.87 MILLION, RESPECTIVELY, WHILE THE FIRM GENERATED OVER \$620,000 IN COMMISSIONS FROM THESE SALES. THE AMLCO IGNORED AND FAILED TO REASONABLY DETECT AND INVESTIGATE RED FLAGS OF POTENTIALLY SUSPICIOUS ACTIVITIES AND FAILED TO RESPOND APPROPRIATELY AND CONSIDER WHETHER OR NOT TO REPORT THE ACTIVITY AS SUSPICIOUS TO FINCEN. IN ADDITION, THE COMPLAINT ALLEGES THAT THE FIRM, ACTING THROUGH ITS AMLCO, FAILED TO CONDUCT ADEQUATE DUE DILIGENCE AND RESPOND TO RED FLAGS REGARDING THE ACCOUNT IT OPENED FOR A FOREIGN FINANCIAL INSTITUTION).

Initiated By: FINRA

Date Initiated: 04/18/2016

Docket/Case Number: [2014040476901](#)

Principal Product Type: Penny Stock(s)

Other Product Type(s): DEATH PUT INVESTMENTS

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Decision

Resolution Date: 11/04/2019

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$342,000.00

Other Sanctions Ordered: REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT

Sanction Details: THE FIRM IS CENSURED, FINED \$342,000, REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT AND IS ORDERED TO PAY, JOINTLY AND SEVERALLY, HEARING COSTS OF \$20,175.20.



Regulator Statement

EXTENDED HEARING PANEL DECISION RENDERED SEPTEMBER 6, 2017. THE SANCTIONS WERE BASED ON FINDINGS THAT THE FIRM NEGLIGENTLY MADE MATERIAL MISREPRESENTATIONS AND FAILED TO DISCLOSE MATERIAL FACTS TO ISSUERS IN CONNECTION WITH ITS REDEMPTIONS OF DEBT SECURITIES ON BEHALF OF A CUSTOMER. THE FINDINGS STATED THAT THE FIRM TOOK ON THE BUSINESS OF A NEW CUSTOMER AND HIS HEDGE FUND WHO WERE PURSUING AN INVESTMENT STRATEGY IN WHICH THE CUSTOMER AND HEDGE FUND RECRUITED TERMINALLY ILL PERSONS (PARTICIPANTS) TO OPEN BROKERAGE ACCOUNTS WITH THE CUSTOMER AS JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP (JTWROS). THE HEDGE FUND THEN USED THE JOINT ACCOUNTS TO PURCHASE AT A DISCOUNT CORPORATE DEBT SECURITIES THAT CONTAINED A SURVIVOR OPTION, OR DEATH PUT (SURVIVOR BONDS). THE DEATH PUT FEATURE ALLOWED THE CUSTOMER, AS THE ACCOUNT'S SURVIVOR, TO REDEEM-THROUGH THE FIRM-THE INVESTMENTS FOR THE FULL PRINCIPAL AMOUNT BEFORE MATURITY UPON THE DEATH OF A PARTICIPANT. THE FIRM HAD AN OBLIGATION TO DISCLOSE TO ISSUERS DURING THE REDEMPTION PROCESS THAT TERMINALLY ILL PARTICIPANTS WERE NOT IN FACT BENEFICIAL OWNERS OF THE SURVIVOR BONDS BECAUSE THE HEDGE FUND REQUIRED THEM TO SIGN SIDE AGREEMENTS IN WHICH THEY GAVE UP THEIR OWNERSHIP RIGHTS TO THE ASSETS HELD IN THE ACCOUNTS WITH THE CUSTOMER. THE FIRM ACTED NEGLIGENTLY WHEN IT REDEEMED THE SURVIVOR BONDS ON BEHALF OF THE CUSTOMER AND HIS HEDGE FUND BY DESCRIBING THE PARTICIPANT AS A JOINT TENANT, AND IN FAILING TO OBTAIN COPIES OF PARTICIPANT AGREEMENTS AND PROVIDE THEM TO ISSUERS. AS A RESULT, THE FIRM VIOLATED SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT OF 1933. THE FINDINGS ALSO STATED THAT IN CONNECTION WITH ITS DEBT SECURITIES BUSINESS, THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ENSURE THAT THE FIRM COMPLIED WITH SECTION 17(A) OF THE SECURITIES ACT OF 1933. THE FIRM'S LACK OF REASONABLE SUPERVISION IS EVIDENT IN ITS HANDLING OF THE JOINT ACCOUNTS THE CUSTOMER OPENED. ALTHOUGH THE ACCOUNTS WERE OPENED AS JTWROS, THE FIRM HONORED THE PARTICIPANTS' POWER OF ATTORNEY (POA), WHICH GAVE THE CUSTOMER AUTHORITY TO ENGAGE IN ANY SORT OF TRANSACTION IN AN ACCOUNT WITHOUT A PARTICIPANT'S CONSENT. THIS WAS INCONSISTENT WITH TREATING THE ACCOUNTS AS TRUE JOINT TENANCIES. THE FIRM HAD NO PROCEDURES TO PROVIDE INSTRUCTIONS ON HANDLING REDEMPTIONS OF SURVIVOR BONDS. THE LACK OF PROCEDURES WAS UNREASONABLE GIVEN THE CUSTOMER'S UNUSUAL INVESTMENT STRATEGY. THE FINDINGS ALSO INCLUDED THAT THE FIRM AND THE FIRM'S AMLCO FAILED TO ESTABLISH AND IMPLEMENT AN AML PROGRAM REASONABLY DESIGNED TO CAUSE THE DETECTION AND REPORTING OF SUSPICIOUS TRANSACTIONS



RELATED TO THE LIQUIDATION OF BILLIONS OF SHARES OF LOW-PRICED PENNY STOCKS BY TWO FIRM CUSTOMERS. TOGETHER THE CUSTOMERS EARNED PROCEEDS EXCEEDING \$19 MILLION. THE FIRM AND AMLCO ALSO FAILED TO CONDUCT ADEQUATE DUE DILIGENCE AND RESPOND TO RED FLAGS INDICATIVE OF POTENTIAL MONEY LAUNDERING ACTIVITY BY A FIRM CUSTOMER, A FOREIGN FINANCIAL INSTITUTION.

ON SEPTEMBER 22, 2017 THE FIRM APPEALED THE DECISION TO THE NATIONAL ADJUDICATORY COUNCIL (NAC).

NAC DECISION RENDERED OCTOBER 2, 2019 WHEREIN THE FINDINGS MADE ARE HELD AND THE SANCTIONS IMPOSED BY THE HEARING PANEL ARE MODIFIED. THE NAC REVERSES THE HEARING PANEL'S FINDINGS THAT THE FIRM NEGLIGENTLY MADE MATERIAL MISREPRESENTATIONS AND OMITTED TO DISCLOSE MATERIAL INFORMATION TO THE ISSUERS OF DEBT SECURITIES. THE DECISION IS FINAL ON NOVEMBER 4, 2019.

Reporting Source:	Firm
Current Status:	Final
Allegations:	ON APRIL 18, 2016, A COMPLAINT WAS ISSUED BY THE DEPARTMENT OF ENFORCEMENT ALLEGING THAT THE FIRM VIOLATED FINRA RULES 2010, 3110, AND 3310, AS WELL AS NASD CONDUCT RULE 3010 AND 3011. THE ALLEGATIONS RELATE TO CERTAIN FORMER CLIENTS OF THE FIRM THAT ENGAGED IN TRADING OF LOW PRICED SECURITIES PRINCIPALLY BETWEEN 2009 AND 2014, AS WELL AS A CLIENT THAT ENGAGED IN CERTAIN BOND REDEMPTIONS BETWEEN 2012 AND 2015.
Initiated By:	FINANCIAL INDUSTRY REGULATORY AUTHORITY
Date Initiated:	04/18/2016
Docket/Case Number:	2014040476901
Principal Product Type:	Penny Stock(s)
Other Product Type(s):	DEATH PUT INVESTMENTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Decision
Resolution Date:	11/04/2019



Sanctions Ordered:	Censure Monetary/Fine \$342,000.00
Other Sanctions Ordered:	REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT
Sanction Details:	THE FIRM IS CENSURED, FINED \$342,000, REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT AND IS ORDERED TO PAY, JOINTLY AND SEVERALLY, HEARING COSTS OF \$20,175.20.
Firm Statement	THE FIRM APPEALED AN EXTENDED HEARING PANEL DECISION RENDERED ON SEPTEMBER 6, 2017. ON THE APPEAL, THE NATIONAL ADJUDICATORY COUNCIL (NAC) RENDERED ITS DECISION ON OCTOBER 2, 2019. THE NAC REVERSED THE HEARING PANEL'S FINDINGS THAT THE FIRM NEGLIGENTLY MADE MATERIAL MISREPRESENTATIONS AND OMITTED TO DISCLOSE MATERIAL INFORMATION TO THE ISSUERS OF DEBT SECURITIES. THE APPEAL RESULTED IN FINDINGS THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM, INCLUDING WSP'S REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND FINRA RULES IN CONNECTION WITH THE FIRM'S SURVIVOR BONDS BUSINESS. FOR THIS THE FIRM IS CENSURED AND FINED \$50,000. THE FINDINGS ALSO INCLUDED THAT THE FIRM AND THE FIRM'S AMLCO FAILED TO ESTABLISH AND IMPLEMENT AN AML PROGRAM REASONABLY DESIGNED TO CAUSE THE DETECTION AND REPORTING OF SUSPICIOUS TRANSACTIONS RELATED TO THE LIQUIDATION OF LOW-PRICED PENNY STOCKS BY TWO FIRM CUSTOMERS. FOR THIS THE FIRM IS CENSURED AND FINED \$292,000 AND REQUIRED TO RETAIN AN INDEPENDENT CONSULTANT. FURTHER THE FIRM IS ORDERED TO PAY, JOINTLY AND SEVERALLY, HEARING COSTS OF \$20,175.20.

Disclosure 4 of 7

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 10B-10, NASD RULES 2110, 3010, 6955(A), 8211 - C.L. KING & ASSOCIATES FAILED TO REPORT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO REQUESTS FOR SUCH INFORMATION BY FINRA; THE FIRM FAILED TO INCLUDE THE SHORT SALE INDICATOR FOR ELECTRONIC BLUE SHEET RECORDS. THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. WHEN THE FIRM ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT OR AS RISKLESS PRINCIPAL, INCORRECTLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT THE FIRM HAD RECEIVED A "COMMISSION" FOR EXECUTING THE TRANSACTIONS, INSTEAD OF DISCLOSING ITS REMUNERATION TO BE



"COMMISSION EQUIVALENT" OR OTHER SUITABLE DESCRIPTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN ORDER HANDLING, OATS, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS; OTHER RULES AND TRADING RULES. THE FIRM FAILED TO PROVIDE SUFFICIENT DOCUMENTARY EVIDENCE THAT IT PERFORMED SUPERVISORY REVIEWS SET FORTH IN ITS PROCEDURES CONCERNING SUPERVISORY SYSTEMS, PROCEDURES & QUALIFICATIONS; ORDER HANDLING; BEST EXECUTION; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; SOFT DOLLAR ACCOUNTS AND TRADING; AND OATS.

Initiated By: FINRA

Date Initiated: 01/08/2009

Docket/Case Number: [2005003078302](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/08/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$22,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,000 AND REQUIRED TO



REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING IDENTIFICATION OF SUPERVISORY INDIVIDUALS, SUPERVISORY STEPS, AND REVIEWS ORDER HANDLING, OATS, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS; OTHER RULES AND TRADING RULES, SUPERVISORY SYSTEMS, PROCEDURES & QUALIFICATIONS, SOFT DOLLAR ACCOUNTS AND TRADING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: SEC RULE 10B-10, NASD RULES 2110, 3010, 6955(A), 8211 - C.L. KING & ASSOCIATES FAILED TO REPORT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO REQUESTS FOR SUCH INFORMATION BY FINRA; THE FIRM FAILED TO INCLUDE THE SHORT SALE INDICATOR FOR ELECTRONIC BLUE SHEET RECORDS. THE FIRM TRANSMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS THAT CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA. WHEN THE FIRM ACTED AS PRINCIPAL FOR ITS OWN ACCOUNT OR AS RISKLESS PRINCIPAL, INCORRECTLY PROVIDED WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT THE FIRM HAD RECEIVED A "COMMISSION" FOR EXECUTING THE TRANSACTIONS, INSTEAD OF DISCLOSING ITS REMUNERATION TO BE "COMMISSION EQUIVALENT" OR OTHER SUITABLE DESCRIPTION. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND/OR NASD RULES ADDRESSING QUALITY OF MARKET TOPICS. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR MINIMAL REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES IN ORDER HANDLING, OATS, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS; OTHER RULES AND TRADING RULES. THE FIRM FAILED TO PROVIDE SUFFICIENT DOCUMENTARY EVIDENCE THAT IT PERFORMED SUPERVISORY REVIEWS SET FORTH IN ITS PROCEDURES CONCERNING SUPERVISORY SYSTEMS, PROCEDURES & QUALIFICATIONS; ORDER HANDLING; BEST EXECUTION; ANTI-INTIMIDATION/COORDINATION; TRADE REPORTING; SALES TRANSACTIONS; SOFT DOLLAR ACCOUNTS AND TRADING; AND OATS.

Initiated By: FINRA

Date Initiated: 01/08/2009

Docket/Case Number: [2005003078302](#)



Principal Product Type: Other
Other Product Type(s): EQUITY TRADING
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 01/08/2009
Sanctions Ordered: Censure
 Monetary/Fine \$22,000.00
Other Sanctions Ordered: UNDERTAKING
Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$22,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING IDENTIFICATION OF SUPERVISORY INDIVIDUALS, SUPERVISORY STEPS, AND REVIEWS ORDER HANDLING, OATS, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS; OTHER RULES AND TRADING RULES, SUPERVISORY SYSTEMS, PROCEDURES & QUALIFICATIONS, SOFT DOLLAR ACCOUNTS AND TRADING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Disclosure 5 of 7

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 05/18/1994
Docket/Case Number: CMS930032 AWC

Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent
Resolution Date: 05/18/1994
Sanctions Ordered: Censure
 Monetary/Fine \$2,500.00

Other Sanctions Ordered:
Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #CMS930032 AWC

LETTER OF ACCEPTANCE, WAIVER AND CONSENT (AWC) ALLEGES VIOLATIONS OF PART X OF SCHEDULE D TO THE ASSOCIATION'S BY-LAWS IN THAT RESPONDENT C.L. KING AND ASSOCIATES, INC. (KING) FAILED TO REPORT 12 TRANSACTIONS TO THE NASDAQ STOCK MARKET. KING CONSENTED TO THE FOLLOWING SANCTIONS: A CENSURE AND FINE OF \$2,500. THE AWC BECAME FINAL ON MAY 18, 1994.

\$2,500 PAID ON 6/6/94 INVOICE #94-MS-350

Reporting Source: Firm
Current Status: Final
Allegations: FAILURE TO REPORT TWELVE TRADES TO THE NASDAQ STOCK MARKET DURING THE PERIOD FROM ON OR ABOUT 11/20/92 THROUGH 12/18/92.
Initiated By: NASD
Date Initiated: 09/15/1993
Docket/Case Number: CMS930032AWC
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Settled
Resolution Date: 05/18/1994



Sanctions Ordered: Censure
Monetary/Fine \$2,500.00

Other Sanctions Ordered:

Sanction Details: C. L. KING & ASSOCIATES, INC. CONSENTED TO A CENSURE AND FINE OF \$2,500. THE FINE WAS PAID ON 6/6/94.

Disclosure 6 of 7

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 02/06/1990

Docket/Case Number: MS-893-AWC

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 04/23/1990

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement MARKET SURVEILLANCE COMMITTEE COMPLAINT #MS-893-AWC (A):
LETTER
OF ACCEPTANCE, WAIVER AND CONSENT FILED FEBRUARY 6, 1990
AGAINST RESPONDENT MEMBER C.L. KING & ASSOCIATES, INC. ALLEGING
VIOLATIONS OF PART VI, SECTION 5(a) OF SCHEDULE D IN THAT
RESPONDENTS FAILED TO REPORT THEIR NASDAQ VOLUME. THE LETTER
OF
ACCEPTANCE, WAIVER AND CONSENT WAS ACCEPTED BY THE MARKET
SURVEILLANCE COMMITTEE ON MARCH 20, 1990 AND BY THE NATIONAL
BUSINESS CONDUCT COMMITTEE ON APRIL 23, 1990. \$250 FINE.



\$250.00 PAID ON 5/29/90 INVOICE #90-MS-572

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO REPORT NASDAQ VOLUME AND FOLLOW NASDAQ REPORTING PROCEDURES.

Initiated By: NASD

Date Initiated: 02/06/1990

Docket/Case Number: MS-893-AWC

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 04/23/1990

Sanctions Ordered: Monetary/Fine \$250.00

Other Sanctions Ordered:

Sanction Details: THE FIRM PAID A FINE OF \$250.00.

Disclosure 7 of 7

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/23/1978

Docket/Case Number: B-418

Principal Product Type:

Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent
Resolution Date: 05/22/1979
Sanctions Ordered: Censure
 Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement COMPLAINT #B-418 FILED 01/23/78
 DIST. #13
 DECISION 05/22/79: OFFER OF SETTLEMENT WAS ACCEPTED: CENSURED:
 FINED \$500 J & S.
 ALL RIGHTS WAIVED.
 05/22/79: FINAL
 FINES & COSTS 06/13/79: FC#7332 PAID J&S.

Reporting Source: Firm
Current Status: Final
Allegations: FAILURE TO FOLLOW NASDAQ REPORTING PROCEDURES
Initiated By: NASD
Date Initiated: 01/23/1978
Docket/Case Number: B418
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Settled
Resolution Date: 05/24/1979
Sanctions Ordered: Censure



Monetary/Fine \$500.00

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED AND PAID A FINE OF \$500.00.

Firm Statement

THE FIRM PAID A FINE OF \$500.00.

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum:	FINRA
Case Initiated:	06/01/2012
Case Number:	12-01987
Disputed Product Type:	
Sum of All Relief Requested:	\$30,000,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/07/2016
Sum of All Relief Awarded:	\$10,000,000.00

There may be a non-monetary award associated with this arbitration. Please select the Case Number above to view more detailed information.

Disclosure 2 of 2

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	
Arbitration Forum:	FINRA
Case Initiated:	02/14/2017
Case Number:	15-01198
Disputed Product Type:	



Sum of All Relief Requested: \$50,000,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/03/2017

Sum of All Relief Awarded: \$1,750,000.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.



Civil Bond

This type of disclosure event involves a civil bond for the brokerage firm that has been denied, paid, or revoked by a bonding company.

Disclosure 1 of 1

Reporting Source:	Firm
Policy Holder:	C. L. KING & ASSOCIATES, INC.
Bonding Company Name:	NATIONAL UNION INSURANC ECOMPANY
Disposition:	Payout
Disposition Date:	04/02/1990
Payout Details:	NATIONAL UNION INSURANCE COMPANY REIMBURSED THE FIRM IN THE AMOUNT OF \$200,000 FOR LOSSES SUSTAINED AS A RESULT OF THEFT BY AN EMPLOYEE IN 1987.
Firm Statement	NATIONAL UNION INSURANCE COMPANY REIMBURSED THE FIRM IN THE AMOUNT OF \$200,000 FOR LOSSES SUSTAINED AS A RESULT OF THEFT BY AN EMPLOYEE IN 1987.

End of Report



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