

BrokerCheck Report

LEGEND SECURITIES, INC.

CRD# 44952

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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:
 - 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
 - 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 <http://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.

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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)



LEGEND SECURITIES, INC.

CRD# 44952

SEC# 8-50886

Main Office Location

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006
Regulated by FINRA New York Office

Mailing Address

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Business Telephone Number

212-344-5747

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 01/29/1998.

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
- 49 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	12
Arbitration	6



Firm Profile

This firm is classified as a corporation.

This firm was formed in New York on 01/29/1998.

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.

LEGEND SECURITIES, INC.

Doing business as LEGEND SECURITIES, INC.

CRD# 44952

SEC# 8-50886

Main Office Location

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Regulated by FINRA New York Office

Mailing Address

45 BROADWAY, 32ND FLOOR
NEW YORK, NY 10006

Business Telephone Number

212-344-5747



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): STOCKTRADE NETWORK, INC.

Is this a domestic or foreign entity or an individual? Domestic Entity

Position SHARE OWNER

Position Start Date 12/2010

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (if any): CARUSO, SALVATORE CHARLES
2363696

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

Position PRESIDENT, CFO, FINOP, ROSFP

Position Start Date 01/1998

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): FUSCO, ANTHONY
2704753

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

Position CEO

Position Start Date 09/2008

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

Percentage of Ownership Less than 5%

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

Is this a public reporting company?

Legal Name & CRD# (if any): FUSCO, FRANK PHILIP
1233242

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

Position CHIEF COMPLIANCE OFFICER

Position Start Date 08/2014

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



Firm Profile

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

Indirect Owners

Legal Name & CRD# (if any):	FUSCO, ANTHONY 2704753
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	STOCKTRADE NEWTWORK, INC.
Relationship to Direct Owner	PRESIDENT
Relationship Established	01/1998
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

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 49 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	11/19/1998

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	11/19/1998
NYSE Arca, Inc.	Approved	12/11/2002
Nasdaq Stock Market	Approved	07/12/2006



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	08/18/2008
Alaska	Approved	10/06/2010
Arizona	Approved	04/08/2004
Arkansas	Approved	11/14/2007
California	Approved	12/13/1999
Colorado	Conditional Restricted	08/01/2008
Connecticut	Approved	11/08/1999
Delaware	Approved	07/31/2008
District of Columbia	Approved	08/15/2008
Georgia	Approved	02/05/2004
Hawaii	Approved	06/03/2011
Idaho	Approved	01/14/2009
Illinois	Approved	07/29/1999
Indiana	Approved	11/18/1999
Iowa	Approved	07/29/2008
Kansas	Approved	08/21/2008
Kentucky	Approved	10/18/1999
Louisiana	Approved	11/05/2007
Maine	Approved	05/05/2011
Maryland	Approved	02/13/2002
Massachusetts	Approved	11/05/1999
Michigan	Approved	11/18/2002
Minnesota	Approved	02/15/2002
Mississippi	Approved	08/23/2010
Missouri	Approved	03/06/2000
Montana	Approved	04/02/2002
Nebraska	Approved	09/11/2008
Nevada	Approved	11/02/1999
New Hampshire	Approved	10/25/2011
New Jersey	Approved	11/30/1998
New Mexico	Approved	03/09/2009
New York	Approved	07/21/1998
North Carolina	Approved	03/21/2002

U.S. States & Territories	Status	Date Effective
North Dakota	Approved	06/16/2010
Ohio	Approved	03/15/2002
Oklahoma	Approved	07/28/2008
Oregon	Approved	04/08/2005
Pennsylvania	Approved	01/05/2000
Puerto Rico	Approved	08/25/2008
Rhode Island	Approved	08/07/2008
South Dakota	Approved	08/29/2013
Tennessee	Approved	04/02/2009
Texas	Approved	05/02/2000
Vermont	Approved	08/22/2008
Virginia	Approved	01/04/2000
Washington	Approved	01/03/2000
West Virginia	Approved	02/18/2009
Wisconsin	Approved	08/02/1999
Wyoming	Approved	03/31/2009

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 retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities broker
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Put and call broker or dealer or option writer
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities



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: LEK SECURITIES CORPORATION
CRD #: 33135
Business Address: 1 LIBERTY PLAZA
 NEW YORK, NY 10006
Effective Date: 02/01/2012
Description: LEGEND SECURITIES, INC., IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF LEK
 SECURITIES CORP

Name: COR CLEARING LLC
CRD #: 117176
Business Address: 9300 UNDERWOOD AVE
 SUITE 400
 OMAHA, NE 68114
Effective Date: 10/01/2011
Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF COR
 CLEARING

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 1000 WILSHIRE BLVD
 LOS ANGELES, CA 90017
Effective Date: 01/26/2007
Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF WEDBUSH
 SECURITIES, INC.

Firm Operations

Industry Arrangements



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

Name: LEK SECURITIES CORPORATION
CRD #: 33135
Business Address: 1 LIBERTY PLAZA
 52ND FL
 NEW YORK, NY 10006
Effective Date: 02/01/2012
Description: LEGEND SECURITIES, INC., IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF LEK
 SECURITIES CORP

Name: COR CLEARING LLC
CRD #: 117176
Business Address: 9300 UNDERWOOD AVE
 SUITE 400
 OMAHA, NE 68114
Effective Date: 10/01/2011
Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF COR
 CLEARING

Name: WEDBUSH SECURITIES INC.
CRD #: 877
Business Address: 1000 WILSHIRE BLVD.
 LOS ANGELES, CA 90017
Effective Date: 01/26/2007
Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
 BROKER/DEALER UTILIZING THE CLEARING SERVICES OF WEDBUSH
 SECURITIES, INC.

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

Name: LEK SECURITIES CORPORATION
CRD #: 33135
Business Address: 1 LIBERTY PLAZA

Firm Operations**Industry Arrangements (continued)**

52ND FL
NEW YORK, NY 10006

Effective Date: 02/01/2012

Description: LEGEND SECURITIES, INC., IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF LEK
SECURITIES CORP

Name: COR CLEARING LLC

CRD #: 117176

Business Address: 9300 UNDERWOOD AVE
SUITE 400
OMAHA, NE 68114

Effective Date: 10/01/2011

Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF
CORCLEARING

Name: WEDBUSH SECURITIES INC.

CRD #: 877

Business Address: 1000 WILSHIRE BLVD.
LOS ANGELES, CA 90017

Effective Date: 01/26/2007

Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF WEDBUSH
SECURITIES, INC.

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

Name: LEK SECURITIES CORPORATION

CRD #: 33135

Business Address: 1 LIBERTY PLAZA
52ND FL
NEW YORK, NY 10006

Effective Date: 02/01/2012

Description: LEGEND SECURITIES, INC., IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF LEK
SECURITIES CORP

Name: COR CLEARING LLC

Firm Operations



Industry Arrangements (continued)

CRD #: 117176

Business Address: 9300 UNDERWOOD AVE
SUITE 400
OMAHA, NE 68114

Effective Date: 10/01/2011

Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF COR
CLEARING

Name: WEDBUSH SECURITIES INC.

CRD #: 877

Business Address: 1000 WILSHIRE BLVD
LOS ANGELES, CA 90017

Effective Date: 01/26/2007

Description: LEGEND SECURITIES, INC IS A FULLY DISCLOSED, INTRODUCING
BROKER/DEALER UTILIZING THE CLEARING SERVICES OF WEDBUSH
SECURITIES, INC.

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.

LEGEND FINANCIAL MANAGEMENT is under common control with the firm.

CRD #:	120978
Business Address:	45 BROADWAY, 32ND FLOOR NEW YORK, NY 10006
Effective Date:	01/29/1998
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	STOCKTRADE NETWORKS, INC. IS THE 100% OWNER OF BOTH, STRATVEST HOLDING, INC., D.B.A. LEGEND FINANCIAL MANAGEMENT AND LEGEND SECURITIES, INC.

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	12	0
Arbitration	N/A	6	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:**
 - 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:**
 - 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:**
 - 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.
 - 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 12

Reporting Source: Firm

Current Status: Final



Allegations: WITHOUT ADMITTING OR DENYING ANY VIOLATION OF SOUTH CAROLINA UNIFORM SECURITIES ACT OF 2005, LEGEND CONSENTED TO CEASE CONDUCTING BUSINESS IN THE STATE OF SOUTH CAROLINA AND TO PAY A FINE IN THE AMOUNT OF \$30,000

Initiated By: SOUTH CAROLINA

Date Initiated: 03/18/2016

Docket/Case Number: 14108

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 06/30/2016

Sanctions Ordered: Monetary/Fine \$30,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: FINE OF \$30,000 WAS PAID ON JUNE 30, 2016 BY THE FIRM.

Disclosure 2 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: THE DIVISION ALLEGED RESPONDENT ENGAGED IN DISHONEST OR UNETHICAL PRACTICES UNDER SECTION 61-1-6(2)(A)(II)(G) OF THE UTAH UNIFORM SECURITIES ACT ("ACT"), VIOLATED SECTION 61-1-1(3) OF THE ACT, FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE ACT, AND FAILED TO MAINTAIN BOOKS AND RECORDS UNDER SECTION 61-1-5 OF THE ACT.

Initiated By: UTAH

Date Initiated: 02/19/2016

Docket/Case Number: SD-16-0010

URL for Regulatory Action: [HTTP://SECURITIES.UTAH.GOV/DOCKETS/16001001.PDF](http://SECURITIES.UTAH.GOV/DOCKETS/16001001.PDF)



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: CENSURE
Resolution: Stipulation and Consent
Resolution Date: 05/26/2016
Sanctions Ordered: Monetary/Fine \$50,000.00
 Cease and Desist/Injunction
Other Sanctions Ordered: FINE TO BE PAID AS FOLLOWS: \$25,000 WITHIN 90 DAYS FOLLOWING ENTRY OF THE ORDER AND THE BALANCE OF \$25,000 WITHIN 12 MONTHS FOLLOWING ENTRY OF THE ORDER.
Sanction Details: -

Reporting Source: Firm
Current Status: Final
Allegations: THE DIVISION ALLEGED RESPONDENT ENGAGED IN DISHONEST OR UNETHICAL PRACTICE UNDER SECTION 61-1-6(2)(A)(II)(G) OF THE UTAH UNIFORM SECURITIES ACTION ("ACT"), VIOLATED SECTION 61-1-1(3) OF THE ACT, FAILED TO REASONABLY SUPERVISE UNDER SECTION 61-1-6(2)(A)(II)(J) OF THE ACT, AND FAILED TO MAINTAIN BOOKS AND RECORDS UNDER SECTION 61-1-5 OF THE ACT.
Initiated By: UTAH
Date Initiated: 02/19/2016
Docket/Case Number: SD-16-0010
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: CENSURE
Resolution: Stipulation and Consent



Resolution Date: 05/26/2016

Sanctions Ordered: Monetary/Fine \$50,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: FINED \$50,000.

Disclosure 3 of 12

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 TAILOR ITS AML PROGRAM TO ITS PENNY STOCK LIQUIDATION BUSINESS. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING TRADING ACTIVITY, WHICH CONSISTED PRIMARILY OF A MANUAL REVIEW OF DAILY TRADE BLOTTERS, WAS NOT REASONABLY DESIGNED TO DETECT PATTERNS OF SUSPICIOUS ACTIVITY THAT MIGHT OCCUR OVER THE COURSE OF DAYS, WEEKS OR MONTHS, GIVEN THE VOLUME OF PENNY STOCK TRANSACTIONS BEING EXECUTED THROUGH THE FIRM. THE FIRM'S SYSTEM FOR DETECTING AND INVESTIGATING RED FLAGS RELATING TO PENNY STOCK TRADING ALSO WAS NOT ADEQUATE. ALTHOUGH THE FIRM'S WRITTEN AML PROCEDURES CONTAINED A SECTION THAT IDENTIFIED RED FLAGS THAT COULD BE INDICATIVE OF SUSPICIOUS ACTIVITY, NONE OF THE RED FLAGS RELATED SPECIFICALLY TO PENNY STOCK TRADING. FURTHER, EVEN AS TO THOSE RED FLAGS THAT WERE IDENTIFIED, THE FIRM'S AML PROCEDURES PROVIDED INADEQUATE GUIDANCE REGARDING WHAT STEPS SHOULD BE TAKEN TO DETECT AND INVESTIGATE THEM. AS RESULT OF ITS INADEQUATE AML PROGRAM, THE FIRM FAILED TO IDENTIFY AS A RED FLAG THE DEPOSIT BY AT LEAST FIVE OF ITS CUSTOMERS OF MORE THAN 2 BILLION SHARES OF PENNY STOCKS FOLLOWED SHORTLY THEREAFTER BY THE LIQUIDATION OF THOSE STOCKS, GENERATING APPROXIMATELY \$3.2 MILLION IN PROCEEDS, AND THE NEAR IMMEDIATE WIRING OF SALES PROCEEDS OUT OF THE CLIENTS' ACCOUNTS. THE FIRM ALSO FAILED TO CONDUCT THE DUE DILIGENCE THAT WOULD HAVE UNCOVERED OTHER RED FLAGS SUGGESTING POTENTIALLY SUSPICIOUS ACTIVITY IN CUSTOMER ACCOUNTS THAT ENGAGED IN PENNY STOCK LIQUIDATIONS, SUCH AS EVIDENCE OF STOCK PROMOTION ACTIVITIES TIMED TO COINCIDE WITH THE DEPOSIT AND LIQUIDATION OF THE SAME PENNY STOCKS THAT WERE BEING PROMOTED; CLIENTS WITH PROBLEMATIC CRIMINAL, CIVIL OR REGULATORY HISTORIES, INCLUDING A HISTORY OF VIOLATING THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE



SECURITIES ACT OF 1933; AND TRANSACTIONS INVOLVING JURISDICTIONS KNOWN TO POSE HIGH RISKS OF MONEY LAUNDERING ACTIVITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO APPLY THE REQUISITE DUE DILIGENCE WHEN OPENING A CORRESPONDENT ACCOUNT FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM'S POLICIES AND PROCEDURES, INCLUDING ITS WSPS, WERE NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM WAS COMPLYING WITH THE DUE DILIGENCE REQUIREMENTS THAT APPLY TO CORRESPONDENT ACCOUNTS ESTABLISHED FOR FOREIGN FINANCIAL INSTITUTIONS. THE FIRM'S WRITTEN AML PROCEDURES RECITED THAT ITS CCO WOULD ENSURE THAT THE FIRM WAS TAKING STEPS TO DETERMINE WHERE ENHANCED DUE DILIGENCE STEPS ARE REQUIRED IN DETERMINING WHETHER OR NOT TO ACCEPT A FOREIGN CORRESPONDENT ACCOUNT, INCLUDING FOR DUE DILIGENCE REQUIREMENTS UNDER THE BANK SECRECY ACT AND WHETHER THE FOREIGN FINANCIAL INSTITUTION PRESENTS A SIGNIFICANT RISK FOR MONEY LAUNDERING. BUT THE AML PROCEDURES OTHERWISE PROVIDED NO GUIDANCE AS TO HOW REGISTERED REPRESENTATIVES SHOULD DETERMINE WHETHER AN ACCOUNT WAS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION AND, IF SO, WHAT TYPE OF DUE DILIGENCE SHOULD BE PERFORMED. HOWEVER, A FOREIGN BANK BASED IN THE CAYMAN ISLANDS AND OPERATING UNDER AN OFFSHORE BANKING LICENSE THAT WAS ISSUED BY THE CAYMAN ISLANDS MONETARY AUTHORITY OPENED AN ACCOUNT AT THE FIRM. BUT BECAUSE OF ITS INADEQUATE PROCEDURES, THE FIRM FAILED TO IDENTIFY THE ACCOUNT AS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM FAILED TO CONDUCT THE APPROPRIATE DUE DILIGENCE THAT IS REQUIRED FOR EVERY CORRESPONDENT ACCOUNT THAT IS ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM ALSO FAILED TO CONDUCT THE ENHANCED DUE DILIGENCE THAT IS REQUIRED WHEN A CORRESPONDENT ACCOUNT IS ESTABLISHED BY A FOREIGN BANK THAT IS OPERATING UNDER AN OFFSHORE BANKING LICENSE. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO ESTABLISH A SUPERVISORY SYSTEM, INCLUDING WSPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933.

Initiated By: FINRA
Date Initiated: 02/10/2016
Docket/Case Number: [2010022592101](#)
Principal Product Type: Penny Stock(s)
Other Product Type(s):



Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/10/2016

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 \$125,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$125,000, AND REQUIRED TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, 31 U.S.C. 5311 ET SEQ., AND THE REGULATIONS PROMULGATED THEREUNDER, INCLUDING, BUT NOT LIMITED TO, THOSE RELATED TO MONITORING FOR, IDENTIFYING, INVESTIGATING, AND RESPONDING TO RED FLAGS OF SUSPICIOUS TRANSACTIONS IN GENERAL AND SPECIFICALLY WITH RESPECT TO LOW-PRICED SECURITIES AND COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT, AND THE APPLICABLE RULES AND REGULATIONS, WITH RESPECT TO THE DEPOSIT AND SALE OF UNREGISTERED SECURITIES. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 120 DAYS AFTER THE DATE OF THE AWC, REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT TO THE FIRM AND FINRA AN INITIAL REPORT.

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 IT FAILED TO TAILOR ITS AML PROGRAM TO ITS PENNY STOCK LIQUIDATION BUSINESS. THE FINDINGS STATED THAT THE FIRM'S SYSTEM FOR REVIEWING



TRADING ACTIVITY, WHICH CONSISTED PRIMARILY OF A MANUAL REVIEW OF DAILY TRADE BLOTTERS, WAS NOT REASONABLY DESIGNED TO DETECT PATTERNS OF SUSPICIOUS ACTIVITY THAT MIGHT OCCUR OVER THE COURSE OF DAYS, WEEKS OR MONTHS, GIVEN THE VOLUME OF PENNY STOCK TRANSACTIONS BEING EXECUTED THROUGH THE FIRM. THE FIRM'S SYSTEM FOR DETECTING AND INVESTIGATING RED FLAGS RELATING TO PENNY STOCK TRADING ALSO WAS NOT ADEQUATE. ALTHOUGH THE FIRM'S WRITTEN AML PROCEDURES CONTAINED A SECTION THAT IDENTIFIED RED FLAGS THAT COULD BE INDICATIVE OF SUSPICIOUS ACTIVITY, NONE OF THE RED FLAGS RELATED SPECIFICALLY TO PENNY STOCK TRADING. FURTHER, EVEN AS TO THOSE RED FLAGS THAT WERE IDENTIFIED, THE FIRM'S AML PROCEDURES PROVIDED INADEQUATE GUIDANCE REGARDING WHAT STEPS SHOULD BE TAKEN TO DETECT AND INVESTIGATE THEM. AS RESULT OF ITS INADEQUATE AML PROGRAM, THE FIRM FAILED TO IDENTIFY AS A RED FLAG THE DEPOSIT BY AT LEAST FIVE OF ITS CUSTOMERS OF MORE THAN 2 BILLION SHARES OF PENNY STOCKS FOLLOWED SHORTLY THEREAFTER BY THE LIQUIDATION OF THOSE STOCKS, GENERATING APPROXIMATELY \$3.2 MILLION IN PROCEEDS, AND THE NEAR IMMEDIATE WIRING OF SALES PROCEEDS OUT OF THE CLIENTS' ACCOUNTS. THE FIRM ALSO FAILED TO CONDUCT THE DUE DILIGENCE THAT WOULD HAVE UNCOVERED OTHER RED FLAGS SUGGESTING POTENTIALLY SUSPICIOUS ACTIVITY IN CUSTOMER ACCOUNTS THAT ENGAGED IN PENNY STOCK LIQUIDATIONS, SUCH AS EVIDENCE OF STOCK PROMOTION ACTIVITIES TIMED TO COINCIDE WITH THE DEPOSIT AND LIQUIDATION OF THE SAME PENNY STOCKS THAT WERE BEING PROMOTED; CLIENTS WITH PROBLEMATIC CRIMINAL, CIVIL OR REGULATORY HISTORIES, INCLUDING A HISTORY OF VIOLATING THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT OF 1933; AND TRANSACTIONS INVOLVING JURISDICTIONS KNOWN TO POSE HIGH RISKS OF MONEY LAUNDERING ACTIVITY. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO APPLY THE REQUISITE DUE DILIGENCE WHEN OPENING A CORRESPONDENT ACCOUNT FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM'S POLICIES AND PROCEDURES, INCLUDING ITS WSPS, WERE NOT REASONABLY DESIGNED TO ENSURE THAT THE FIRM WAS COMPLYING WITH THE DUE DILIGENCE REQUIREMENTS THAT APPLY TO CORRESPONDENT ACCOUNTS ESTABLISHED FOR FOREIGN FINANCIAL INSTITUTIONS. THE FIRM'S WRITTEN AML PROCEDURES RECITED THAT ITS CCO WOULD ENSURE THAT THE FIRM WAS TAKING STEPS TO DETERMINE WHERE ENHANCED DUE DILIGENCE STEPS ARE REQUIRED IN DETERMINING WHETHER OR NOT TO ACCEPT A FOREIGN CORRESPONDENT ACCOUNT, INCLUDING FOR DUE DILIGENCE REQUIREMENTS UNDER THE BANK SECRECY ACT AND WHETHER THE FOREIGN FINANCIAL INSTITUTION PRESENTS A SIGNIFICANT RISK FOR MONEY LAUNDERING. BUT THE AML PROCEDURES OTHERWISE PROVIDED NO GUIDANCE AS TO HOW REGISTERED



REPRESENTATIVES SHOULD DETERMINE WHETHER AN ACCOUNT WAS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION AND, IF SO, WHAT TYPE OF DUE DILIGENCE SHOULD BE PERFORMED. HOWEVER, A FOREIGN BANK BASED IN THE CAYMAN ISLANDS AND OPERATING UNDER AN OFFSHORE BANKING LICENSE THAT WAS ISSUED BY THE CAYMAN ISLANDS MONETARY AUTHORITY OPENED AN ACCOUNT AT THE FIRM. BUT BECAUSE OF ITS INADEQUATE PROCEDURES, THE FIRM FAILED TO IDENTIFY THE ACCOUNT AS A CORRESPONDENT ACCOUNT ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM FAILED TO CONDUCT THE APPROPRIATE DUE DILIGENCE THAT IS REQUIRED FOR EVERY CORRESPONDENT ACCOUNT THAT IS ESTABLISHED FOR A FOREIGN FINANCIAL INSTITUTION. THE FIRM ALSO FAILED TO CONDUCT THE ENHANCED DUE DILIGENCE THAT IS REQUIRED WHEN A CORRESPONDENT ACCOUNT IS ESTABLISHED BY A FOREIGN BANK THAT IS OPERATING UNDER AN OFFSHORE BANKING LICENSE. THE FINDINGS ALSO INCLUDED THAT THE FIRM ALSO FAILED TO ESTABLISH A SUPERVISORY SYSTEM, INCLUDING WSPS THAT WERE REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT OF 1933.

Initiated By: FINRA

Date Initiated: 02/10/2016

Docket/Case Number: [2010022592101](#)

Principal Product Type: Penny Stock(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/10/2016

Sanctions Ordered: Censure
Monetary/Fine \$125,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: THE FIRM WAS CENSURED, FINED \$125,000, AND REQUIRED TO RETAIN, WITHIN 60 DAYS OF THE DATE OF THE AWC, AN INDEPENDENT CONSULTANT, NOT UNACCEPTABLE TO FINRA, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING



RELATING TO COMPLIANCE WITH FINRA RULE 3310 AND THE REQUIREMENTS OF THE BANK SECRECY ACT, 31 U.S.C. 5311 ET SEQ., AND THE REGULATIONS PROMULGATED THEREUNDER, INCLUDING, BUT NOT LIMITED TO, THOSE RELATED TO MONITORING FOR, IDENTIFYING, INVESTIGATING, AND RESPONDING TO RED FLAGS OF SUSPICIOUS TRANSACTIONS IN GENERAL AND SPECIFICALLY WITH RESPECT TO LOW-PRICED SECURITIES AND COMPLIANCE WITH SECTION 5 OF THE SECURITIES ACT, AND THE APPLICABLE RULES AND REGULATIONS, WITH RESPECT TO THE DEPOSIT AND SALE OF UNREGISTERED SECURITIES. AT THE CONCLUSION OF THE REVIEW, WHICH SHALL BE NO MORE THAN 120 DAYS AFTER THE DATE OF THE AWC, REQUIRE THE INDEPENDENT CONSULTANT TO SUBMIT TO THE FIRM AND FINRA AN INITIAL REPORT.

Disclosure 4 of 12

Reporting Source:	Firm
Current Status:	Final
Allegations:	NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.
Initiated By:	FINRA
Date Initiated:	04/12/2010
Docket/Case Number:	2008013976601
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:	04/12/2010
Sanctions Ordered:	Censure Monetary/Fine \$7,500.00

**Other Sanctions Ordered:**

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 AND FINED \$7,500.

Disclosure 5 of 12

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010

Docket/Case Number: 2008013976601

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: 04/12/2010

Sanctions Ordered: Monetary/Fine \$7,500.00

Other Sanctions Ordered:

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 AND FINED \$7,500.

Disclosure 6 of 12

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 TRANSMITTED COMBINED/ORDER EXECUTION REPORTS WHICH CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS).
Initiated By:	FINRA
Date Initiated:	07/08/2015
Docket/Case Number:	2013036005701
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:	07/08/2015
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:	Monetary/Fine \$5,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS FINED \$5,000. FINE PAID IN FULL ON JULY 29, 2015.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	FINRA RULE 7450 - FOR THE PERIOD BETWEEN OCTOBER 1, 2012 AND DECEMBER 31, 2012 THE FIRM TRANSMITTED TO OATS (ORDER AUDIT TRAIL SYSTEM) 86 COMBINED ORDER/EXECUTION REPORTS WHICH CONTAINED INACCURATE, INCOMPLETE OR IMPROPERLY FORMATTED DATA.



Initiated By: FINRA
Date Initiated: 10/01/2012
Docket/Case Number: [2013036005701](#)
Principal Product Type: Equity Listed (Common & Preferred Stock)
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 07/08/2015
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: FIRM WAS FINED \$5000.00 AND PAID ON 7/29/2015.
Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS FINED \$5000.

Disclosure 7 of 12

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 TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT COMPLETE AND ACCURATE DATA IN TRANSACTIONS IN REPORTABLE SECURITIES. SPECIFICALLY, THE FIRM INCORRECTLY REPORTED AGENCY TRANSACTIONS AS PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AND INCORRECTLY MEDIA REPORTED TRANSACTIONS IN DESIGNATED SECURITIES TO THE TRF. THE FIRM REPORTED LAST SALE REPORTS OF TRANSACTIONS IN ELIGIBLE SECURITIES TO THE TRF IT WAS NOT REQUIRED TO REPORT. THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED



HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. THIS REPORT INCLUDED INCOMPLETE INFORMATION AS TO THE ORDERS THAT WERE NOT TRANSMITTED TO THE CLEARING FIRM FOR ROUTING. THE FIRM ALSO FAILED TO PROVIDE EVIDENCE THAT IT PROVIDED HARD-COPY NOTIFICATIONS TO ITS CUSTOMERS AT LEAST ANNUALLY THAT, HARD-COPIES OF THE QUARTERLY ORDER ROUTING REPORTS ARE AVAILABLE, FREE OF CHARGE, UPON REQUEST FROM THE CUSTOMER; AND CUSTOMERS MAY REQUEST SPECIFIC INFORMATION REGARDING THE ROUTING OF THEIR OWN ORDERS. THE FIRM FAILED TO PROVIDE AN ORDER RECORD FOR TRANSACTIONS; FAILED TO PROVIDE A CUSTOMER CONFIRMATION; FAILED TO PROVIDE THE NAME OF THE CUSTOMER FOR AN ORDER; FAILED TO PROVIDE ORDER RECORDS WITH EXECUTION QUANTITY AND EXECUTION PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY AND LIMIT PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY; FAILED TO PROVIDE AN ORDER RECORD WITH EXECUTION QUANTITIES; FAILED TO DOCUMENT THE CANCEL REPLACEMENT INFORMATION ON AN ORDER RECORD; AND INCORRECTLY CODED ORDER TICKETS AS DIRECTED ORDERS. THE FIRM SENT SHORT SALE ORDERS FOR EXECUTION AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM, ON 31 OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SECURITIES EXCHANGE ACT OF 1934 RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS, ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION, TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, OATS, OTHER RULES, AND USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS). THE FIRM ALSO FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS ON 155 BUSINESS DAYS UNDER ITS



MPID.

Initiated By: FINRA

Date Initiated: 10/24/2014

Docket/Case Number: [2012030989702](#)

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/24/2014

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 \$52,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$52,500.

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 IT TRANSMITTED REPORTS THAT CONTAINED INACCURATE, INCOMPLETE, OR IMPROPERLY FORMATTED DATA TO THE ORDER AUDIT TRAIL SYSTEM (OATS). THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT COMPLETE AND ACCURATE DATA IN TRANSACTIONS IN REPORTABLE SECURITIES. SPECIFICALLY, THE FIRM INCORRECTLY REPORTED AGENCY TRANSACTIONS AS PRINCIPAL OR RISKLESS PRINCIPAL TRANSACTIONS TO THE FINRA/NASDAQ TRADE REPORTING FACILITY (TRF) AND INCORRECTLY MEDIA REPORTED TRANSACTIONS IN DESIGNATED SECURITIES TO THE TRF. THE FIRM REPORTED LAST SALE REPORTS OF



TRANSACTIONS IN ELIGIBLE SECURITIES TO THE TRF IT WAS NOT REQUIRED TO REPORT. THE FIRM ACCEPTED ORDERS FROM CUSTOMERS FOR EXECUTION IN THE PRE-MARKET SESSION OR POST-MARKET SESSION WITHOUT DISCLOSING TO SUCH CUSTOMERS THAT EXTENDED HOURS TRADING INVOLVES MATERIAL TRADING RISKS, INCLUDING THE POSSIBILITY OF LOWER LIQUIDITY, HIGH VOLATILITY, CHANGING PRICES, UNLINKED MARKETS, AN EXAGGERATED EFFECT FROM NEWS ANNOUNCEMENTS, WIDER SPREADS AND ANY OTHER RELEVANT RISK. THE FIRM MADE PUBLICLY AVAILABLE A REPORT ON ITS ROUTING OF NON-DIRECTED ORDERS IN COVERED SECURITIES DURING THAT QUARTER. THIS REPORT INCLUDED INCOMPLETE INFORMATION AS TO THE ORDERS THAT WERE NOT TRANSMITTED TO THE CLEARING FIRM FOR ROUTING. THE FIRM ALSO FAILED TO PROVIDE EVIDENCE THAT IT PROVIDED HARD-COPY NOTIFICATIONS TO ITS CUSTOMERS AT LEAST ANNUALLY THAT, HARD-COPIES OF THE QUARTERLY ORDER ROUTING REPORTS ARE AVAILABLE, FREE OF CHARGE, UPON REQUEST FROM THE CUSTOMER; AND CUSTOMERS MAY REQUEST SPECIFIC INFORMATION REGARDING THE ROUTING OF THEIR OWN ORDERS. THE FIRM FAILED TO PROVIDE AN ORDER RECORD FOR TRANSACTIONS; FAILED TO PROVIDE A CUSTOMER CONFIRMATION; FAILED TO PROVIDE THE NAME OF THE CUSTOMER FOR AN ORDER; FAILED TO PROVIDE ORDER RECORDS WITH EXECUTION QUANTITY AND EXECUTION PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY AND LIMIT PRICE; FAILED TO PROVIDE AN ORDER RECORD WITH ORDER QUANTITY; FAILED TO PROVIDE AN ORDER RECORD WITH EXECUTION QUANTITIES; FAILED TO DOCUMENT THE CANCEL REPLACEMENT INFORMATION ON AN ORDER RECORD; AND INCORRECTLY CODED ORDER TICKETS AS DIRECTED ORDERS. THE FIRM SENT SHORT SALE ORDERS FOR EXECUTION AND FAILED TO PROPERLY MARK THE ORDERS AS SHORT. THE FIRM, ON 31 OCCASIONS, ACCEPTED A SHORT SALE ORDER IN AN EQUITY SECURITY FROM ANOTHER PERSON, OR EFFECTED A SHORT SALE IN AN EQUITY SECURITY FOR ITS OWN ACCOUNT, WITHOUT BORROWING THE SECURITY, OR ENTERING INTO A BONA-FIDE ARRANGEMENT TO BORROW THE SECURITY; OR HAVING REASONABLE GROUNDS TO BELIEVE THAT THE SECURITY COULD BE BORROWED SO THAT IT COULD BE DELIVERED ON THE DATE DELIVERY IS DUE; AND DOCUMENTING COMPLIANCE WITH SECURITIES EXCHANGE ACT OF 1934 RULE 203(B)(1) OF REGULATION SHO. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO CERTAIN APPLICABLE SECURITIES LAWS AND REGULATIONS, AND/OR FINRA RULES. THE FIRM'S WRITTEN SUPERVISORY PROCEDURES FAILED TO PROVIDE FOR ONE OR MORE OF THE FOUR MINIMUM REQUIREMENTS FOR ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING SUPERVISORY SYSTEM, PROCEDURES AND QUALIFICATIONS, ORDER HANDLING, BEST EXECUTION, ANTI-INTIMIDATION/COORDINATION,



TRADE REPORTING, SALE TRANSACTIONS, OTHER TRADING RULES, OATS, OTHER RULES, AND USE OF MULTIPLE MARKET PARTICIPANT IDENTIFIERS (MPIDS). THE FIRM ALSO FAILED TO TRANSMIT REPORTABLE ORDER EVENTS (ROES) TO OATS ON 155 BUSINESS DAYS UNDER ITS MPID.

Initiated By: FINRA

Date Initiated: 10/24/2014

Docket/Case Number: [2012030989702](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: ADMINISTRATIVE PENALTY

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/24/2014

Sanctions Ordered: Censure
Monetary/Fine \$52,500.00

Other Sanctions Ordered: NONE

Sanction Details: THE FIRM WAS CENSURED AND FINED \$52,500.

Firm Statement THE FIRM WAS SANCTIONED AND FINED VIA AN AWC.

Disclosure 8 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-8, G-14 - LEGEND SECURITIES, INC. FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN MUNICIPAL SECURITIES TRANSACTION REPORTS. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF TRANSACTIONS IN



MUNICIPAL SECURITIES.

Initiated By: FINRA

Date Initiated: 11/21/2012

Docket/Case Number: [2011026471801](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2012

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 \$12,500.00

Other Sanctions Ordered:

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 AND FINED \$12,500 FOR MSRB RULE VIOLATIONS. FINE PAID IN FULL ON 12/14/12.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-8, G-14 - LEGEND SECURITIES, INC. FAILED TO REPORT THE CORRECT EXECUTION TIME TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN MUNICIPAL SECURITIES TRANSACTION REPORTS. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. THE FIRM FAILED REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES



OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO SHOW THE CORRECT EXECUTION TIME ON THE MEMORANDUM OF TRANSACTIONS IN MUNICIPAL SECURITIES.

Initiated By: FINRA

Date Initiated: 11/21/2012

Docket/Case Number: [2011026471801](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/21/2012

Sanctions Ordered: Censure
Monetary/Fine \$12,500.00

Other Sanctions Ordered:

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 AND FINED \$12,500 FOR MSRB RULE VIOLATIONS.

Disclosure 9 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASE 11-03675.

Initiated By: FINRA

Date Initiated: 05/21/2012

Docket/Case Number: 11-03675

Principal Product Type: No Product

Other Product Type(s):



Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/11/2012

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: Suspension

Other Sanctions Ordered:

Sanction Details: PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: RESPONDENT LEGEND SECURITIES, INC. FAILED TO PAY ARBITRATION FEES ASSESSED IN FINRA ARBITRATION CASE 11-03675

Initiated By: FINRA

Date Initiated: 05/21/2012

Docket/Case Number: 11-03675

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Suspension

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/11/2012



Sanctions Ordered:	Suspension
Other Sanctions Ordered:	
Sanction Details:	PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.
Firm Statement	PURSUANT TO FINRA RULE 9553, RESPONDENT LEGEND SECURITIES, INC.'S FINRA MEMBERSHIP IS SUSPENDED AS OF JUNE 11, 2012 FOR FAILURE TO PAY ARBITRATION FEES. SUSPENSION LIFTED JUNE 18, 2012.

Disclosure 10 of 12

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULES G-14, G-27 - LEGEND SECURITIES, INC. FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE FIRM'S MUNICIPAL SECURITIES PRINCIPAL WOULD VERIFY ITS COMPLIANCE WITH MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) REPORTING REQUIREMENTS AND DOCUMENT SUCH REVIEWS WITH, AT A MINIMUM, DATES, SCOPE OF REVIEW, NAME OF INDIVIDUAL CONDUCTING THE REVIEW AND FINDINGS.
Initiated By:	FINRA
Date Initiated:	03/29/2012
Docket/Case Number:	2009020544401
Principal Product Type:	Debt - Municipal
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/29/2012



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 \$20,000.00

Other Sanctions Ordered:

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 AND FINED \$20,000 FOR MSRB RULE VIOLATIONS.
FINE PAID IN FULL APRIL 10, 2012.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-14, G-27 - LEGEND SECURITIES, INC. FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. THE FIRM FAILED TO ENFORCE ITS WRITTEN SUPERVISORY PROCEDURES WHICH SPECIFIED THAT THE FIRM'S MUNICIPAL SECURITIES PRINCIPAL WOULD VERIFY ITS COMPLIANCE WITH MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) REPORTING REQUIREMENTS AND DOCUMENT SUCH REVIEWS WITH, AT A MINIMUM, DATES, SCOPE OF REVIEW, NAME OF INDIVIDUAL CONDUCTING THE REVIEW AND FINDINGS.

Initiated By: FINRA

Date Initiated: 03/29/2012

Docket/Case Number: 20090205444-01

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure



Other Sanction(s)/Relief Sought:

Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	03/29/2012
Sanctions Ordered:	Censure Monetary/Fine \$20,000.00
Other Sanctions Ordered:	NONE
Sanction Details:	A CENSURE AND A \$20,000.00 FINE (COMPRISE OF \$5,000.00 FOR THE VIOLATIONS OF MSRB RULE G-14 IN MATTER 20090205444, \$7,500.00 FOR THE VIOLATIONS OF MSRB RULE G-14 IN MATTER 20100238852, AND \$7,500.00 FOR THE VIOLATIONS OF MSRB RULE G-27 IN MATTER 20090205444)
Firm Statement	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED AND FINED \$20,000 FOR MSRB RULE VIOLATIONS.

Disclosure 11 of 12

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>SEC ADMIN RELEASE 34-64502, MAY 16, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 15(B), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LEGEND SECURITIES, INC. ("LEGEND" OR "RESPONDENT").</p> <p>THE COMMISSION FOUND THAT:</p> <p>LEGEND HAS BEEN A BROKER DEALER REGISTERED WITH THE COMMISSION PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT SINCE 1998.</p> <p>ON MARCH 24, 2009, COMMISSION STAFF WITH THE NEW YORK REGIONAL OFFICE'S BROKER DEALER INSPECTION PROGRAM ("BDIP STAFF") COMMENCED AN EXAMINATION OF LEGEND. IN CONNECTION WITH THE EXAMINATION, BDIP STAFF REQUESTED THAT LEGEND PROVIDE VARIOUS RECORDS, INCLUDING CERTAIN RECORDS CONCERNING LEGEND EMPLOYEES. LEGEND'S PRESIDENT AND CHIEF COMPLIANCE OFFICER</p>



("PRESIDENT") PRODUCED THE DOCUMENTS ON LEGEND'S BEHALF IN RESPONSE TO THE EXAMINATION STAFF'S REQUEST. THE RECORDS THE PRESIDENT PRODUCED DID NOT INCLUDE CERTAIN REQUESTED DOCUMENTS FOR ONE ASSOCIATED PERSON OF LEGEND ("ASSOCIATED PERSON").

ON MAY 4, 2009, BDIP STAFF REQUESTED THE PERSONNEL FILE FOR THE ASSOCIATED PERSON. AFTER NOT RECEIVING ANY DOCUMENTS IN RESPONSE, BDIP STAFF REITERATED THIS REQUEST ON MULTIPLE OCCASIONS BETWEEN MAY 4 AND MAY 22, 2009.

ON MAY 26, 2009, THE PRESIDENT SENT THE ASSOCIATED PERSON AN ELECTRONIC MAIL MESSAGE IN WHICH HE WROTE:

I'M GOING THRU (SIC) MY EMPLOYEE FILES FOR THE SEC AUDIT AND REALIZED THAT I DON'T HAVE ALL OF THE OTHER EMPLOYMENT/REGISTRATION FORMS FOR YOU. I ONLY HAVE YOUR FORM U4. I HAVE ATTACHED THE FORMS THAT I NEED YOU TO COMPLETE, SIGN AND FAX BACK TO ME ASAP. PLEASE DATE THE FORMS 06-09-2008. IT'S VERY IMPORTANT.

ATTACHED TO THIS EMAIL MESSAGE WERE SEVEN DOCUMENTS RELATED TO THE ASSOCIATED PERSON'S RELATIONSHIP WITH LEGEND, INCLUDING HIS INDEPENDENT CONTRACTOR AGREEMENT, COMMISSION SCHEDULE, AND COMPLIANCE FORMS.

THE ASSOCIATED PERSON COMPLIED WITH THE PRESIDENT'S REQUEST. THE DATE THAT THE PRESIDENT DIRECTED THE ASSOCIATED PERSON TO USE WHEN SIGNING THE DOCUMENTS, JUNE 9, 2008, CORRESPONDED TO THE DATE THE ASSOCIATED PERSON BECAME A REGISTERED REPRESENTATIVE AT LEGEND.

ON JUNE 2, 2009, THE PRESIDENT PROVIDED THE ASSOCIATED PERSON'S PERSONNEL FILE, INCLUDING ALL THE DOCUMENTS THAT THE ASSOCIATED PERSON HAD SIGNED THE PREVIOUS WEEK, TO THE BDIP STAFF. THE PRESIDENT DID NOT DISCLOSE TO THE BDIP STAFF THE CIRCUMSTANCES SURROUNDING THE BACK-DATING OF THE DOCUMENTS.

LEGEND FAILED TO MAKE AND KEEP CURRENT, TRUE AND COMPLETE RECORDS OF ALL AGREEMENTS BETWEEN IT AND THE ASSOCIATED PERSON AND ALSO FAILED TO FURNISH PROMPTLY SUCH RECORDS WHEN REQUESTED TO DO SO BY THE BDIP STAFF.

LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. SECTION 17(A) OF THE EXCHANGE



ACT AND RULES 17A-3 AND 17A-4 THEREUNDER REQUIRE THAT BROKERS OR DEALERS MAKE AND KEEP CURRENT VARIOUS RECORDS RELATING TO ITS BUSINESS AND PRESERVE THOSE RECORDS FOR SPECIFIED PERIODS OF TIME. LEGEND FAILED TO MAKE AND KEEP CURRENT RECORDS RELATED TO THE ASSOCIATED PERSON'S EMPLOYMENT AND COMPENSATION. LEGEND ALSO FAILED TO FURNISH PROMPTLY TRUE, COMPLETE AND CURRENT COPIES OF SUCH RECORDS WHEN REQUESTED TO DO SO BY REPRESENTATIVES OF THE COMMISSION.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/16/2011

Docket/Case Number: 3-14389

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/16/2011

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 \$50,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFERS"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING

ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER").

THE COMMISSION FOUND THAT LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER.

THE COMMISSION DEEMS IT APPROPRIATE, AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT LEGEND'S OFFER.

PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THE COMMISSION ORDERED THAT:

A. RESPONDENT LEGEND CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER;

B. RESPONDENT LEGEND IS CENSURED.

C. LEGEND SHALL PAY A CIVIL MONEY PENALTY OF \$50,000 TO THE UNITED STATES TREASURY.

Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC ADMIN RELEASE 34-64502, MAY 16, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTIONS 15(B), AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST LEGEND SECURITIES, INC. ("LEGEND" OR "RESPONDENT"). THE COMMISSION FOUND THAT: LEGEND HAS BEEN A BROKER DEALER REGISTERED WITH THE COMMISSION PURSUANT TO SECTION 15(B) OF THE EXCHANGE ACT SINCE 1998. ON MARCH 24, 2009, COMMISSION STAFF WITH THE NEW YORK REGIONAL OFFICE'S BROKER DEALER INSPECTION PROGRAM ("BDIP STAFF") COMMENCED AN EXAMINATION OF LEGEND. IN CONNECTION WITH THE EXAMINATION, BDIP STAFF REQUESTED THAT LEGEND PROVIDE VARIOUS RECORDS, INCLUDING CERTAIN RECORDS CONCERNING LEGEND EMPLOYEES. LEGEND'S PRESIDENT AND CHIEF COMPLIANCE OFFICER ("PRESIDENT") PRODUCED THE DOCUMENTS ON LEGEND'S BEHALF IN RESPONSE TO THE EXAMINATION STAFF'S REQUEST. THE RECORDS THE PRESIDENT PRODUCED DID NOT INCLUDE



CERTAIN REQUESTED DOCUMENTS FOR ONE ASSOCIATED PERSON OF LEGEND ("ASSOCIATED PERSON"). ON MAY 4, 2009, BDIP STAFF REQUESTED THE PERSONNEL FILE FOR THE ASSOCIATED PERSON. AFTER NOT RECEIVING ANY DOCUMENTS IN RESPONSE, BDIP STAFF REITERATED THIS REQUEST ON MULTIPLE OCCASIONS BETWEEN MAY 4 AND MAY 22, 2009. ON MAY 26, 2009, THE PRESIDENT SENT THE ASSOCIATED PERSON AN ELECTRONIC MAIL MESSAGE IN WHICH HE WROTE: I'M GOING THRU (SIC) MY EMPLOYEE FILES FOR THE SEC AUDIT AND REALIZED THAT I DON'T HAVE ALL OF THE OTHER EMPLOYMENT/REGISTRATION FORMS FOR YOU. I ONLY HAVE YOUR FORM U4. I HAVE ATTACHED THE FORMS THAT I NEED YOU TO COMPLETE, SIGN AND FAX BACK TO ME ASAP. PLEASE DATE THE FORMS 06-09-2008. IT'S VERY IMPORTANT. ATTACHED TO THIS EMAIL MESSAGE WERE SEVEN DOCUMENTS RELATED TO THE ASSOCIATED PERSON'S RELATIONSHIP WITH LEGEND, INCLUDING HIS INDEPENDENT CONTRACTOR AGREEMENT, COMMISSION SCHEDULE, AND COMPLIANCE FORMS. THE ASSOCIATED PERSON COMPLIED WITH THE PRESIDENT'S REQUEST. THE DATE THAT THE PRESIDENT DIRECTED THE ASSOCIATED PERSON TO USE WHEN SIGNING THE DOCUMENTS, JUNE 9, 2008, CORRESPONDED TO THE DATE THE ASSOCIATED PERSON BECAME A REGISTERED REPRESENTATIVE AT LEGEND. ON JUNE 2, 2009, THE PRESIDENT PROVIDED THE ASSOCIATED PERSON'S PERSONNEL FILE, INCLUDING ALL THE DOCUMENTS THAT THE ASSOCIATED PERSON HAD SIGNED THE PREVIOUS WEEK, TO THE BDIP STAFF. THE PRESIDENT DID NOT DISCLOSE TO THE BDIP STAFF THE CIRCUMSTANCES SURROUNDING THE BACK-DATING OF THE DOCUMENTS. LEGEND FAILED TO MAKE AND KEEP CURRENT, TRUE AND COMPLETE RECORDS OF ALL AGREEMENTS BETWEEN IT AND THE ASSOCIATED PERSON AND ALSO FAILED TO FURNISH PROMPTLY SUCH RECORDS WHEN REQUESTED TO DO SO BY THE BDIP STAFF. LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER REQUIRE THAT BROKERS OR DEALERS MAKE AND KEEP CURRENT VARIOUS RECORDS RELATING TO ITS BUSINESS AND PRESERVE THOSE RECORDS FOR SPECIFIED PERIODS OF TIME. LEGEND FAILED TO MAKE AND KEEP CURRENT RECORDS RELATED TO THE ASSOCIATED PERSON'S EMPLOYMENT AND COMPENSATION. LEGEND ALSO FAILED TO FURNISH PROMPTLY TRUE, COMPLETE AND CURRENT COPIES OF SUCH RECORDS WHEN REQUESTED TO DO SO BY REPRESENTATIVES OF THE COMMISSION.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 05/16/2011

Docket/Case Number: 3-14389

Principal Product Type: No Product

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 05/16/2011

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:**Sanction Details:**

IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFERS"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, AND WITHOUT ADMITTING OR DENYING THE FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTED TO THE ENTRY OF THE ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER"). THE COMMISSION FOUND THAT LEGEND WILLFULLY VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER. THE COMMISSION DEEMS IT APPROPRIATE, AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT LEGEND'S OFFER. PURSUANT TO SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, THE COMMISSION ORDERED THAT:

A. RESPONDENT LEGEND CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE EXCHANGE ACT AND RULES 17A-3 AND 17A-4 THEREUNDER;

B. RESPONDENT LEGEND IS CENSURED. C. LEGEND SHALL PAY A CIVIL MONEY PENALTY OF \$50,000 TO THE UNITED STATES TREASURY.

Disclosure 12 of 12

Reporting Source: Regulator

Current Status: Final

Allegations: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED



REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS. THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010

Docket/Case Number: 2008013976601

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: 04/12/2010

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 \$7,500.00

Other Sanctions Ordered:

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 AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULE 6955(A) - LEGEND SECURITIES, INC. TRANSMITTED REPORTABLE ORDER EVENTS (ROES) TO THE ORDER AUDIT TRAIL SYSTEM (OATS) THAT WERE REJECTED BY OATS FOR CONTEXT OR SYNTAX ERRORS AND WERE REPAIRABLE BUT THE FIRM FAILED TO



REPAIR MOST OF THEM SO THAT IT FAILED TO TRANSMIT THEM TO OATS.
THE FIRM ALSO FAILED TO REPAIR SOME OF THE REJECTED ROES WITHIN
THE REQUIRED FIVE BUSINESS DAYS.

Initiated By: FINRA

Date Initiated: 04/12/2010

Docket/Case Number: 2008013976601

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: 04/12/2010

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

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 AND FINED \$7,500.



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 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	04/12/2011
Case Number:	11-01229
Disputed Product Type:	
Sum of All Relief Requested:	\$49,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/27/2012
Sum of All Relief Awarded:	\$150.00

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 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	01/10/2014



Case Number: [13-03347](#)
Disputed Product Type: COMMON STOCK; OPTIONS
Sum of All Relief Requested: \$100,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/25/2015
Sum of All Relief Awarded: \$0.00

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

Disclosure 3 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 06/04/2014
Case Number: [14-01705](#)
Disputed Product Type: COMMON STOCK; OPTIONS
Sum of All Relief Requested: \$453,588.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/08/2015
Sum of All Relief Awarded: \$61,866.74

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

Disclosure 4 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT

ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT;
ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA
Case Initiated: 05/06/2015
Case Number: [15-00994](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$250,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/16/2016
Sum of All Relief Awarded: \$80,600.00

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

Disclosure 5 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; DO NOT USE-OTHER-OTHER
Arbitration Forum: FINRA
Case Initiated: 06/18/2015
Case Number: [15-01041](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$160,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/25/2016
Sum of All Relief Awarded: \$161,034.91

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

Disclosure 6 of 6

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-VIOLATE OF BLUE SKY LWS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 03/01/2016

Case Number: [16-00506](#)

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: \$67,500.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 08/12/2016

Sum of All Relief Awarded: \$50,000.00

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

End of Report



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