

**BrokerCheck Report**

**JOHN KALEIHIEHIE KAI**

CRD# 2163244

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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 <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.

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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](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://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)

**JOHN K. KAI**

CRD# 2163244

This broker is not currently registered.

## Report Summary for this Broker



This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

### Broker Qualifications

**This broker is not currently registered.**

#### This broker has passed:

- 1 Principal/Supervisory Exam
- 1 General Industry/Product Exam
- 2 State Securities Law Exams

### Registration History

**This broker was previously registered with the following securities firm(s):**

**FIRST ALLIED SECURITIES, INC.**

CRD# 32444

HILO, HI

08/2010 - 04/2017

**COMMONWEALTH FINANCIAL NETWORK**

CRD# 8032

HILO, HI

11/2006 - 08/2010

**LINSCO/PRIVATE LEDGER CORP.**

CRD# 6413

HILO, HI

07/1999 - 11/2006

### Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

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

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	1
Criminal	1
Customer Dispute	1
Termination	3

### Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at

<https://www.adviserinfo.sec.gov>

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



## Broker Qualifications

### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

**This individual has passed 1 principal/supervisory exam, 1 general industry/product exam, and 2 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
General Securities Sales Supervisor Examination (Options Module & General Module)	Series 8	03/06/1998

### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	08/03/1991

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	10/12/1991
Uniform Investment Adviser Law Examination	Series 65	08/01/1992

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).



## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
08/2010 - 04/2017	FIRST ALLIED SECURITIES, INC.	32444	HILO, HI
11/2006 - 08/2010	COMMONWEALTH FINANCIAL NETWORK	8032	HILO, HI
07/1999 - 11/2006	LINSCO/PRIVATE LEDGER CORP.	6413	HILO, HI
06/1995 - 07/1999	PAINWEBBER INCORPORATED	8174	WEEHAWKEN, NJ
11/1991 - 06/1995	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	7691	NEW YORK, NY

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

Employment Dates	Employer Name	Employer Location
07/2012 - Present	FIRST ALLIED ADVISORY SERVICES, INC.	CHESTERFIELD, MO
08/2010 - Present	FIRST ALLIED SECURITIES, INC.	SAN DIEGO, CA
11/2006 - 08/2010	COMMONWEALTH FINANCIAL NETWORK	WALTHAM, MA
11/2006 - 08/2010	PINNACLE INVESTMENT GROUP, LLC	HILO, HI

### Other Business Activities

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

- 1.) Hawaii Community College; Instructor; Education; Start date 04/20/2013; 28 hours per month.
- 2.) The Kickass Realtor; Owner; Marketing or Business Networking; Start date 3/31/2013; 20 hours per month.
- 3.) Big Island Federal Credit Union; Director; Mortgage/Banking; Start date 09/01/2015; 4 hours per month.
- 4.) Big Island Housing Foundation; Director; Non-Profit Organization; Start date 09/01/2015; 4 hours per month.
- 5.) Hawaii Island Chamber of Commerce; Member; Non-Profit Organization; Start date 01/01/1998
- 6.) Hawaii Island Portuguese Chamber of Commerce; Board Member; Non-Profit organization; Start date 01/01/1992

## Registration and Employment History



### Other Business Activities, continued

- 7.) Hawaii Island YMCA; Director; Non-Profit Organization; Start date 07/27/2012; 4 hours per month.
  - 8.) Kukuau Plaza AOAO; Director; Start date 03/30/2012; 4 hours per month.
  - 9.) Pinnacle Holdings Inc.; Partner; Real Estate; Start date 10/30/2010
  - 10.) Hilo Hub; Sole Proprietor; Real Estate; Start date 11/07/2011; 8 hours per month.
  - 11.) Pinnacle Investment Group, LLC; Direct Owner; DBA; Start date 06/01/1999; 160 hours per month.
  - 12.) Pinnacle Investment Group, LLC-Insurance; Direct Owner; Insurance; Start date 06/01/1999
  - 13.) Pinnacle Media Group; Owner; Entertainer/media contributor; Start date 09/24/2015; 4 hours per month.
  - 14.) Crown Vending Machines; Owner; Retail Sales; Start date 09/24/2015; 8 hours per month.
  - 15.) Kona Kohala Chamber of Commerce; Member; Marketing or Business Networking; Start date 10/12/2015; 4 hours per month.
  - 16.) AirBNB; Owner; Real Estate; Start date 01/15/2016; 8 hours per month.
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## Disclosure Events

### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
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 broker is required to disclose a particular criminal event.
  - A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
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3. **Disclosure events in BrokerCheck reports come from different sources:**
  - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
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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 brokers and brokerage 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.

**For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.**

	Pending	Final	On Appeal
Regulatory Event	0	1	0





Criminal	0	1	0
Customer Dispute	0	1	N/A
Termination	N/A	3	N/A



## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

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

#### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	FINRA
<b>Sanction(s) Sought:</b>	Suspension
<b>Date Initiated:</b>	06/09/2017
<b>Docket/Case Number:</b>	2017053680001
<b>Employing firm when activity occurred which led to the regulatory action:</b>	N/A
<b>Product Type:</b>	No Product
<b>Allegations:</b>	Respondent Kai failed to respond to FINRA request for information.
<b>Current Status:</b>	Final
<b>Resolution:</b>	Letter



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

No

**Resolution Date:**

09/12/2017

**Sanctions Ordered:**

Bar (Permanent)

**If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?**

No

**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?**



**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or**

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

#### **Sanction 1 of 2**

**Sanction Type:** Bar (Permanent)

**Capacities Affected:** all capacities

**Duration:** Indefinite

**Start Date:** 09/12/2017

**End Date:**

#### **Sanction 2 of 2**



<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	all capacities
<b>Duration:</b>	N/A
<b>Start Date:</b>	07/03/2017
<b>End Date:</b>	09/11/2017
<b>Regulator Statement</b>	<p>Pursuant to FINRA Rule 9552(h) and in accordance with FINRA's Notice of Suspension and Suspension from Association letters dated June 9, 2017 and July 3, 2017 respectively, on September 12, 2017, Kai is barred from association with any FINRA member in all capacities. Respondent failed to request termination of his suspension within three months of the date of the Notice of Suspension; therefore, he is automatically barred from association with any FINRA member in all capacities.</p>



## Criminal - Final Disposition

This type of disclosure event involves a criminal charge against the broker that has resulted in a conviction, acquittal, dismissal, or plea. The criminal matter may pertain to any felony or certain misdemeanor offenses, including bribery, perjury, forgery, counterfeiting, extortion, fraud, and wrongful taking of property.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Court Details:</b>	POLICE DEPARTMENT SACARAMENTO, CALIFORNIA DOCKET NO. 89M08088B
<b>Charge Date:</b>	05/25/1989
<b>Charge Details:</b>	I WAS ARRESTED AND CHARGED WITH TWO COUNTS OF VIOLATION OF SECTION 487.1 OF THE PENAL CODE, FOR WILLFULLY AND UNLAWFULLY TAKING MONEY AND PERSONAL PROPERTY OF A VALUE EXCEEDING \$400, TO WIT, MERCHANDISE THE PROPERTY OF WEINSTOCK'S, FELONY CHARGES.
<b>Felony?</b>	
<b>Current Status:</b>	Final
<b>Status Date:</b>	07/19/1989
<b>Disposition Details:</b>	BOTH CHARGES WERE REDUCED TO MISDEMEANORS. I PLED NOLO CONTENDERE TO THE OFFENSE OF 484PC OR PETTY THEFT FOR COUNT I, AND WAS SENTENCED TO 3 YEARS PROBATION AND ASSESSED FINE TOTALLING \$1067.50. COUNT II WAS DISMISSED.
<b>Broker Statement</b>	ATTACHED IS COURT DOCUMENTATION.



## Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

### Disclosure 1 of 1

**Reporting Source:** Firm

**Employing firm when activities occurred which led to the complaint:** COMMONWEALTH FINANCIAL NETWORK

**Allegations:** CUSTOMER ALLEGES THAT ACCOUNT WAS UNSUITABLY RISKY

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

**Alleged Damages:** \$37,190.00

### Arbitration Information

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

**Docket/Case #:** 10-03732

**Date Notice/Process Served:** 09/20/2010

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 12/06/2010

**Monetary Compensation Amount:** \$20,000.00

**Individual Contribution Amount:** \$0.00

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**Reporting Source:** Broker

**Employing firm when activities occurred which led to the complaint:** COMMONWEALTH FINANCIAL NETWORK

**Allegations:** CUSTOMER ALLEGES THAT ACCOUNT WAS UNSUITABLY RISKY.

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



**Alleged Damages:** \$37,000.00  
**Is this an oral complaint?** No  
**Is this a written complaint?** Yes  
**Is this an arbitration/CFTC reparation or civil litigation?** No

### Customer Complaint Information

**Date Complaint Received:** 02/01/2010  
**Complaint Pending?** No  
**Status:** Denied  
**Status Date:** 10/04/2010

#### Settlement Amount:

**Individual Contribution Amount:**

### Arbitration Information

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

**Docket/Case #:** 10-03732  
**Date Notice/Process Served:** 09/20/2010  
**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 12/06/2010  
**Monetary Compensation Amount:** \$20,000.00  
**Individual Contribution Amount:** \$0.00

#### Broker Statement

AFTER HOLDING PORTFOLIO FOR ONE YEAR, CUSTOMER CLOSED AND MOVED HIS ACCOUNT DESPITE OPENING THE ACCOUNT WITH A 10-YEAR TIME HORIZON AND THE OBJECTIVE OF INVESTING FOR LONG TERM GROWTH. CUSTOMER SUGGESTED THAT PORTFOLIO WAS TOO "RISKY" DESPITE CHOOSING THE HIGHEST RISK/REWARD CATEGORY ON HIS INVESTOR PROFILE, AND CHOOSING THE MOST EQUITY CONCENTRATED PORTFOLIO OUT 5 PORTFOLIO OPTIONS.







## Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

### Disclosure 1 of 3

<b>Reporting Source:</b>	Firm
<b>Employer Name:</b>	First Allied
<b>Termination Type:</b>	Discharged
<b>Termination Date:</b>	04/19/2017
<b>Allegations:</b>	RR violated numerous firm policies, including communications with the public, undisclosed private securities transaction and outside business activity, borrowing funds from a client, and exercising discretion in client brokerage accounts without the firm's approval. RR is alleged to have received client funds under the false pretense of investing the funds for the client without any apparent account opened under the client's name.
<b>Product Type:</b>	Equity-OTC Equity Listed (Common & Preferred Stock) Options

### Disclosure 2 of 3

<b>Reporting Source:</b>	Firm
<b>Employer Name:</b>	First Allied
<b>Termination Type:</b>	Discharged
<b>Termination Date:</b>	04/19/2017
<b>Allegations:</b>	RR violated numerous firm policies, including communications with the public, undisclosed private securities transaction and outside business activity, borrowing funds from a client, and exercising discretion in client brokerage accounts without the firm's approval. RR is alleged to have received client funds under the false pretense of investing the funds for the client without any apparent account opened under the client's name.
<b>Product Type:</b>	Equity-OTC Equity Listed (Common & Preferred Stock) Options



**Disclosure 3 of 3**

**Reporting Source:** Firm  
**Employer Name:** COMMONWEALTH FINANCIAL NETWORK  
**Termination Type:** Permitted to Resign  
**Termination Date:** 07/31/2010  
**Allegations:** REPRESENTATIVE'S USAGE OF SOCIAL MEDIA WAS IN VIOLATION OF FIRM POLICY DESIGNED TO ENSURE FIRM COMPLIANCE WITH FINRA RULE 2210B1(A).  
**Product Type:** No Product

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**Reporting Source:** Broker  
**Employer Name:** COMMONWEALTH FINANCIAL NETWORK  
**Termination Type:** Permitted to Resign  
**Termination Date:** 01/13/2011  
**Allegations:** REPRESENTATIVE'S USAGE OF SOCIAL MEDIA WAS IN VIOLATION OF FIRM POLICY DESIGNED TO ENSURE FIRM COMPLIANCE WITH FINRA RULE 2210B1(A.)  
**Product Type:** No Product

## End of Report



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