

**BrokerCheck Report**

**JEFFERY ALLEN FANNING**

CRD# 1566859

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## About BrokerCheck®

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

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

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

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

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

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

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

- **How current is this information?**

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

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

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

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

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



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)

**Thank you for using FINRA BrokerCheck.**

**JEFFERY A. FANNING**

CRD# 1566859

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:**

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

**Registration History**

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

**LIBERTY PARTNERS FINANCIAL SERVICES, LLC**

CRD# 130390  
West Palm Beach, FL  
05/2004 - 03/2017

**BANC ONE SECURITIES CORPORATION**

CRD# 16999  
CHICAGO, IL  
01/2004 - 05/2004

**ANDREW GARRETT INC.**

CRD# 29931  
NEW YORK, NY  
11/2002 - 09/2003

**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	4
Customer Dispute	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 5 principal/supervisory exams, 1 general industry/product exam, and 2 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
Registered Options Principal Examination	Series 4	04/06/1988
General Securities Principal Examination	Series 24	02/19/2004
Financial and Operations Principal Examination	Series 27	02/05/1992
Introducing Broker/Dealer Financial Operations Principal Examination	Series 28	07/16/2004
Municipal Securities Principal Examination	Series 53	06/11/2004

### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	11/15/1986

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	09/12/1988
Uniform Combined State Law Examination	Series 66	07/26/2004

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
05/2004 - 03/2017	LIBERTY PARTNERS FINANCIAL SERVICES, LLC	130390	West Palm Beach, FL
01/2004 - 05/2004	BANC ONE SECURITIES CORPORATION	16999	CHICAGO, IL
11/2002 - 09/2003	ANDREW GARRETT INC.	29931	NEW YORK, NY
06/2002 - 08/2002	ANDREW GARRETT INC.	29931	NEW YORK, NY
09/1999 - 05/2000	EMMETT A LARKIN COMPANY, INC.	6625	SAN FRANCISCO, CA
08/1992 - 03/1999	MIDWEST DISCOUNT BROKERS INC.	29931	NEW YORK, NY
12/1991 - 09/1992	THOMAS F. WHITE & CO., INCORPORATED	7661	SAN FRANCISCO, CA
12/1988 - 12/1991	WILSHIRE DISCOUNT SECURITIES	21186	
08/1988 - 12/1991	WILSHIRE DISCOUNT SECURITIES	21186	
11/1988 - 12/1988	STIFEL, NICOLAUS & COMPANY, INCORPORATED	793	
09/1988 - 11/1988	ROWLAND, SIMON & CO.	21666	
11/1986 - 08/1988	KENNEDY, CABOT & CO.	2417	

### 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
05/2004 - Present	LIBERTY PARTNERS CAPITAL MANAGEMENT, LLC	BAKERSFIELD, CA
05/2004 - Present	LIBERTY PARTNERS FINANCIAL SERVICES, LLC	AVONDALE, AZ
08/2003 - Present	BANK ONE	PEORIA, AZ

## Registration and Employment History



### 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.

START DATE: 9/24/12 - NON INVESTMENT RELATED - SALES OF FIXED INSURANCE PRODUCTS - 6818  
PUMPKIN RIDGE DR WINDSOR, CO 80550 - 20/HRS A MONTH DURING SECURITIES TRADING HOURS -  
INSURANCE AGENT.

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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:**
  - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - o 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.
  - o
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o 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.
  - o
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - § A "pending" event involves allegations that have not been proven or formally adjudicated.
    - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - § A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that 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	1	3	0





Customer Dispute	1	2	N/A
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## 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 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

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

**Date Initiated:** 10/25/2012

**Docket/Case Number:** [2007011920702](#)

**Employing firm when activity occurred which led to the regulatory action:** LIBERTY PARTNERS FINANCIAL SERVICES, LLC

**Product Type:** No Product

**Allegations:** FINRA RULE 2010, NASD RULES 2110, 3010: FANNING FAILED TO ENFORCE HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS). FANNING SUPERVISED A FORMER REGISTERED REPRESENTATIVE'S ACCOUNT ACTIVITY AT THE REPRESENTATIVE'S HOME OFFICE FROM OTHER OFFICE LOCATIONS OF FANNING'S FIRM AND ACCORDING TO THE FIRM'S (WSPS), FANNING'S RESPONSIBILITIES INCLUDED SUPERVISING THE REPRESENTATIVE'S HOME OFFICE FOR EXCESSIVE TRADING AND UNAUTHORIZED TRANSACTIONS. THE FIRM AND FANNING CONDUCTED A LIMITED INVESTIGATION AND TERMINATED THE REPRESENTATIVE FOR HIS MISCONDUCT. FANNING FAILED TO CONDUCT CUSTOMER ACCOUNT



REVIEWS FOR EXCESSIVE TRADING WITH A VIEW TOWARD PREVENTING EXCESSIVE TRADING IN SOME OF THE REPRESENTATIVE'S ACCOUNTS. FANNING FAILED TO REASONABLY SUPERVISE IN THAT HE FAILED TO TAKE REASONABLE ACTION TO DETECT UNAUTHORIZED TRANSACTIONS BY THE REPRESENTATIVE. DURING THE PERIOD, THE FIRM'S WSPS REQUIRED QUARTERLY REVIEWS OF CUSTOMER ACCOUNTS FOR EXCESSIVE TRADING. THE WSPS FURTHER STATED THAT ACCOUNTS WITH TURNOVER RATES IN EXCESS OF A CERTAIN AMOUNT EXHIBIT PATTERNS THAT REPRESENT STATUTORY FRAUD AND REQUIRED FANNING TO TAKE IMMEDIATE STEPS TO DETERMINE THAT SUCH TRADING ACTIVITY IS ACCEPTABLE TO THE CUSTOMERS (APPROVED BY CUSTOMER IN WRITING), AND CONFIRMS TO THE CUSTOMER'S OBJECTIVES. ALTHOUGH THE REPRESENTATIVE HAD CUSTOMERS WITH TURNOVER RATES GREATER THAN THE NEEDED AMOUNT, FANNING FAILED TO CONTACT THE CUSTOMERS TO DETERMINE WHETHER THE TRADING MATCHED THEIR INVESTMENT OBJECTIVES OR WHETHER THE REPRESENTATIVE CONTROLLED THEIR ACCOUNTS. THE WSPS REQUIRED CALCULATIONS FOR ACCOUNT LOSS AND BREAK-EVEN (OR COST-TO-EQUITY RATIOS) FOR ACCOUNTS WITH TURNOVER RATES IN EXCESS OF A CERTAIN AMOUNT. ALTHOUGH THE REPRESENTATIVE HAD SOME CUSTOMERS WITH TURNOVER RATES GREATER THAN THE AMOUNT, FANNING NEGLECTED TO REVIEW CUSTOMER ACCOUNT ACTIVITY FOR COST-TO-EQUITY RATIOS AND PROFIT AND LOSS. FANNING WAS ALSO REQUIRED TO SEND ACTIVITY LETTERS TO THESE CUSTOMERS CONCERNING THE TURNOVER RATE IN THEIR ACCOUNTS, BUT HE DID NOT SEND ACTIVITY LETTERS TO THE CUSTOMERS. FANNING WAS REQUIRED TO DETERMINE IF ACCOUNT ACTIVITY MATCHED THE ACCOUNT OBJECTIVES AND IF THE ACCOUNT REPRESENTATIVE CONTROLLED THE ACCOUNT AND HE DID NOT UNDERTAKE THIS ANALYSIS OR TAKE THESE STEPS IN CONNECTION WITH THOSE CUSTOMER ACCOUNTS TO STOP THE TRADING ACTIVITY. FANNING FAILED TO RESPOND TO RED FLAGS CONCERNING THE REPRESENTATIVE'S TRANSACTIONS THAT WERE UNAUTHORIZED AND FAILED TO ADEQUATELY INQUIRE INTO THE SUSPICIOUS TIMING OF EACH OF THESE CUSTOMER TRANSACTIONS.

**Current Status:**

Final

**Resolution:**

Acceptance, Waiver &amp; Consent(AWC)

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

No



**Resolution Date:** 10/25/2012  
**Sanctions Ordered:** Civil and Administrative Penalty(ies)/Fine(s)  
Suspension

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

**(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?** No

**(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or** No



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

Yes

**Sanction 1 of 1**

**Sanction Type:** Suspension  
**Capacities Affected:** A PRINCIPAL  
**Duration:** 30 DAYS  
**Start Date:** 11/19/2012  
**End Date:** 12/18/2012

**Monetary Sanction 1 of 1**

**Monetary Related Sanction:** Civil and Administrative Penalty(ies)/Fine(s)  
**Total Amount:** \$20,000.00  
**Portion Levied against individual:** \$20,000.00  
**Payment Plan:**  
**Is Payment Plan Current:**  
**Date Paid by individual:** 03/04/2013  
**Was any portion of penalty waived?** No

**Amount Waived:**

**Regulator Statement** WITHOUT ADMITTING OR DENYING THE FINDINGS, FANNING CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE HE IS FINED \$20,000 AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN A PRINCIPAL CAPACITY FOR 30 DAYS. THE SUSPENSION IS IN EFFECT FROM NOVEMBER 19, 2012, THROUGH DECEMBER 18, 2012.

IN DETERMINING APPROPRIATE SANCTION IN THIS MATTER FINRA CONSIDERED THAT THE FIRM AND FANNING PROVIDED FULL RESTITUTION TO EACH OF THE CUSTOMERS WHO PURCHASED THE SECURITIES. IN TOTAL, THE FIRM AND FANNING PAID \$205,112.73 IN RESTITUTION TO CUSTOMERS.

THE RESPONDENT UNDERSTANDS THAT THIS SETTLEMENT INCLUDES A FINDING THAT HE FAILED TO SUPERVISE AN INDIVIDUAL WHO VIOLATED SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934, RULE 10B-5 AND THAT UNDER ARTICLE III, SECTION 4 OF FINRA'S BY-LAWS, THIS MAKES HIM SUBJECT TO A STATUTORY DISQUALIFICATION WITH RESPECT TO ASSOCIATION WITH A MEMBER. FINE PAID IN FULL 3/4/13.

<b>Reporting Source:</b>	Broker
<b>Regulatory Action Initiated By:</b>	FINRA
<b>Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	05/02/2012
<b>Docket/Case Number:</b>	<a href="#">2007011920702</a>
<b>Employing firm when activity occurred which led to the regulatory action:</b>	LIBERTY PARTNERS FINANCIAL SERVICES, LLC
<b>Product Type:</b>	No Product
<b>Allegations:</b>	FINRA RULE 2010, NASD RULES 2110, 3010: FANNING FAILED TO ENFORCE HIS MEMBER FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS). FANNING SUPERVISED A FORMER REGISTERED REPRESENTATIVE'S ACCOUNT ACTIVITY AT THE REPRESENTATIVE'S HOME OFFICE FROM OTHER OFFICE LOCATIONS OF FANNING'S FIRM AND ACCORDING TO THE FIRM'S (WSPS), FANNING'S RESPONSIBILITIES INCLUDED SUPERVISING THE REPRESENTATIVE'S HOME OFFICE FOR EXCESSIVE TRADING AND UNAUTHORIZED TRANSACTIONS. THE FIRM AND FANNING CONDUCTED A LIMITED INVESTIGATION AND TERMINATED THE REPRESENTATIVE FOR HIS MISCONDUCT. FANNING FAILED TO CONDUCT CUSTOMER ACCOUNT REVIEWS FOR EXCESSIVE TRADING WITH A VIEW TOWARD PREVENTING



EXCESSIVE TRADING IN SOME OF THE REPRESENTATIVE'S ACCOUNTS. FANNING FAILED TO REASONABLY SUPERVISE IN THAT HE FAILED TO TAKE REASONABLE ACTION TO DETECT UNAUTHORIZED TRANSACTIONS BY THE REPRESENTATIVE. DURING THE PERIOD, THE FIRM'S WSPS REQUIRED QUARTERLY REVIEWS OF CUSTOMER ACCOUNTS FOR EXCESSIVE TRADING. THE WSPS FURTHER STATED THAT ACCOUNTS WITH TURNOVER RATES IN EXCESS OF A CERTAIN AMOUNT EXHIBIT PATTERNS THAT REPRESENT STATUTORY FRAUD AND REQUIRED FANNING TO TAKE IMMEDIATE STEPS TO DETERMINE THAT SUCH TRADING ACTIVITY IS ACCEPTABLE TO THE CUSTOMERS (APPROVED BY CUSTOMER IN WRITING), AND CONFIRMS TO THE CUSTOMER'S OBJECTIVES. ALTHOUGH THE REPRESENTATIVE'S HAD CUSTOMERS WITH TURNOVER RATES GREATER THAN THE NEEDED AMOUNT, FANNING FAILED TO CONTACT THE CUSTOMERS TO DETERMINE WHETHER THE TRADING MATCHED THEIR INVESTMENT OBJECTIVES OR WHETHER THE REPRESENTATIVE CONTROLLED THEIR ACCOUNTS. THE WSPS REQUIRED CALCULATIONS FOR ACCOUNT LOSS AND BREAK-EVEN (OR COST-TO-EQUITY RATIOS) FOR ACCOUNTS WITH TURNOVER RATES IN EXCESS OF A CERTAIN AMOUNT. ALTHOUGH THE REPRESENTATIVE HAD SOME CUSTOMERS WITH TURNOVER RATES GREATER THAN THE AMOUNT, FANNING NEGLECTED TO REVIEW CUSTOMER ACCOUNT ACTIVITY FOR COST-TO-EQUITY RATIOS AND PROFIT AND LOSS. FANNING WAS ALSO REQUIRED TO SEND AN ACTIVITY LETTERS TO THESE CUSTOMERS CONCERNING THE TURNOVER RATE IN THEIR ACCOUNTS, BUT HE DID NOT SEND ACTIVITY LETTERS TO THE CUSTOMERS. FANNING WAS REQUIRED TO DETERMINE IF ACCOUNT ACTIVITY MATCHED THE ACCOUNT OBJECTIVES AND IF THE ACCOUNT REPRESENTATIVE CONTROLLED THE ACCOUNT AND HE DID NOT UNDERTAKE THIS ANALYSIS OR TAKE THESE STEPS IN CONNECTION WITH THOSE CUSTOMER ACCOUNTS TO STOP THE TRADING ACTIVITY. FANNING FAILED TO RESPOND TO RED FLAGS CONCERNING THE REPRESENTATIVE'S TRANSACTIONS THAT WERE UNAUTHORIZED AND FAILED TO ADEQUATELY INQUIRE INTO THE SUSPICIOUS TIMING OF EACH OF THESE CUSTOMER TRANSACTIONS.

<b>Current Status:</b>	Final
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Resolution Date:</b>	10/25/2012



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

**Sanction 1 of 1**

**Sanction Type:** Suspension

**Capacities Affected:** A PRINCIPAL

**Duration:** 30 DAYS

**Start Date:** 11/19/2012

**End Date:** 12/18/2012

**Monetary Sanction 1 of 1**

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

**Total Amount:** \$20,000.00

**Portion Levied against individual:** \$20,000.00

**Payment Plan:**

**Is Payment Plan Current:**

**Date Paid by individual:**

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

**Amount Waived:**

**Disclosure 2 of 3**

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 12/19/1995

**Docket/Case Number:** C04950050





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

**Product Type:**

**Other Product Type(s):**

**Allegations:**

**Current Status:** Final

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/19/1995

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:**

**Regulator Statement**

ON DECEMBER 19, 1995, DISTRICT NO. 4 NOTIFIED MIDWEST DISCOUNT BROKERS, INC. AND JEFFREY ALLEN FANNING THAT THE LETTER OF ACCEPTANCE, WAIVER, AND CONSENT NO. C04950050 WAS ACCEPTED: THEREFORE, RESPONDENTS MEMBER AND FANNING ARE CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY. - (ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE - RESPONDENT MEMBER, ACTING THROUGH RESPONDENT FANNING, VIOLATED THE TERMS OF ITS VOLUNTARY RESTRICTIVE AGREEMENT IN THAT IT ALLOWED ITS INVENTORY TO EXCEED 15% OF NET CAPITAL DESPITE LANGUAGE TO THE CONTRARY IN THE AGREEMENT.)

\*\*\$5,000.00 FULLY PAID J&S AS OF 02/21/96, INVOICE # 95-04-828\*\*

**Reporting Source:** Broker

**Regulatory Action Initiated By:** NASD

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 12/19/1995



**Docket/Case Number:** C04950050

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

**Product Type:** No Product

**Other Product Type(s):**

**Allegations:** NASD EXAMINERS FOUND THAT I HAD VIOLATED THE FIRM'S RESTRICTION LETTER BY HAVING MORE THAN 15% OF NET CAPITAL AT RISK IN INVENTORY POSITIONS

**Current Status:** Final

**Resolution:** Acceptance, Waiver & Consent(AWC)

**Resolution Date:** 12/19/1995

**Sanctions Ordered:** Censure  
Monetary/Fine \$5,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ACCEPTANCE WAIVER AND CONSENT WITH A \$5,000.00 FINE THE FINE WAS JOINT AND SEVERAL NAMING BOTH MYSELF AND THE FIRM

**Broker Statement** NOT PROVIDED

### Disclosure 3 of 3

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** WI SEC

**Sanction(s) Sought:**

**Other Sanction(s) Sought:**

**Date Initiated:** 02/02/1994

**Docket/Case Number:** X-94015(L)

**Employing firm when activity occurred which led to the regulatory action:** MIDWEST DISCOUNT BROKERS, INC.

**Product Type:**

**Other Product Type(s):****Allegations:** UNLICENSED AGENT ACTIVITY**Current Status:** Final**Resolution:** Consent**Resolution Date:** 02/02/1994**Sanctions Ordered:****Other Sanctions Ordered:****Sanction Details:** CONSENT ORDER OF ASSESSMENT (\$500)

**Regulator Statement** FROM APPROXIMATELY APRIL 1992 UNTIL NOVEMBER 1993, FANNING, ON BEHALF OF MIDWEST DISCOUNT BROKERS, INC., SOLD SECURITIES TO SEVEN PERSONS IN THE STATE OF WISCONSIN WHILE HE WAS NOT LICENSED TO DO SO. CONTACT: SUE KITTEL, (608) 266-9886

**Reporting Source:** Broker**Regulatory Action Initiated By:** STATE OF WISCONSIN**Sanction(s) Sought:****Other Sanction(s) Sought:****Date Initiated:** 02/02/1994**Docket/Case Number:** X-94015(L)**Employing firm when activity occurred which led to the regulatory action:** MIDWEST DISCOUNT BROKERS, INC.**Product Type:** No Product**Other Product Type(s):****Allegations:** THAT I CONDUCTED SECURITIES BUSINESS IN WISCONSIN WITHOUT BEING REGISTERED.**Current Status:** Final**Resolution:** Consent



**Resolution Date:** 02/02/1994  
**Sanctions Ordered:**  
**Other Sanctions Ordered:**  
**Sanction Details:** \$500.00 ADMINISTRATIVE ASSESSMENT.  
**Broker Statement** SEE ATTACHED FORMS FROM STATE OF WISCONSIN



## Regulatory - Pending

This type of disclosure event involves a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

### Disclosure 1 of 1

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:**

**Date Initiated:** 12/12/2017

**Docket/Case Number:** [2015043246401](#)

**Employing firm when activity occurred which led to the regulatory action:** Liberty Partners Financial Services, LLC

**Product Type:** No Product

**Allegations:** Fanning was named a respondent in a FINRA complaint alleging that he failed to reasonably supervise the equity trading of registered representatives at his member firm for potentially excessive trading, and, even where his reviews of customer account activity identified potentially excessive trading, Fanning frequently failed to reasonably address that activity. The complaint alleges that Fanning failed to establish and maintain a system to supervise the firm's associated persons reasonably designed to identify and respond to potentially excessive trading. Fanning developed the firm's WSPs pertaining to reviews for potentially excessive trading but failed to ensure they stated how he would identify excessive trading during those reviews, or how often he would conduct those reviews. In addition, Fanning failed to ensure that the WSPs reasonably outlined the steps the firm should take if Fanning's reviews identified potentially excessive trading. Fanning was the principal designated in the firm's WSPs to review customer accounts and transactions. Fanning failed to perform supervisory reviews of customer account activity with any regularity. As a result, at times Fanning did not review accounts with potentially excessive trading until months after the activity took place, if at all. Fanning never spoke with customers whose accounts appeared to be engaged in active trading. Although Fanning occasionally imposed buy-blocks on some accounts as result of his reviews, he did so sporadically and inconsistently, and, in at least one instance, removed a buy-block at the request of a representative (and not based on active trading paperwork or other feedback received from the customer). When Fanning decided a commission restriction was appropriate, he simply informed the registered representative that the representative should restrict his or her commissions, and then did nothing to



ensure the representative followed the commission restriction. Fanning did not enforce commission restrictions in any other way. The complaint also alleges that Fanning signed letters addressed to the United States Citizenship and Immigration Service (USCIS) that misrepresented the nature of two registered representatives' employment with his firm. Fanning signed letters addressed to the USCIS relating to the H1-B visa applications for the two registered representatives. To work legally for the firm in the United States, the registered representatives required H1-B visas. The letters Fanning signed falsely stated that each of the registered representatives was engaged in the "specialty occupation" of a financial analyst at the firm. In reality, the registered representatives were acting as ordinary, full-time registered representatives buying and selling securities for the firm's customers. Fanning knew at the time he signed the letters that the job descriptions in the letters did not accurately reflect the jobs the representatives were actually performing for the firm.

**Current Status:**

Pending



## 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 2

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	Liberty Partners Financial Services, LLC
<b>Allegations:</b>	The client alleges that when Hernandez joined liberty they decided to open a joint account (Mr. and Mrs. Langus) Mrs. Langus then opened an individual account at which time for reasons unknown to Mrs. Langus the joint account was kept open. At which point Mrs. Langus states Mr. Hernandez began stealing from the joint account.
<b>Product Type:</b>	No Product
<b>Alleged Damages:</b>	\$241,965.55
<b>Is this an oral complaint?</b>	
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA
<b>Docket/Case #:</b>	15-00613
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	03/24/2015

### Customer Complaint Information

<b>Date Complaint Received:</b>	05/13/2015
<b>Complaint Pending?</b>	No
<b>Status:</b>	Evolved into Arbitration/CFTC reparation (the individual is a named party)
<b>Status Date:</b>	05/13/2015
<b>Settlement Amount:</b>	



**Individual Contribution  
Amount:**

**Arbitration Information**

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

**Docket/Case #:** 15-00613

**Date Notice/Process Served:** 05/13/2015

**Arbitration Pending?** No

**Disposition:** Settled

**Disposition Date:** 03/02/2016

**Monetary Compensation  
Amount:** \$161,055.77

**Individual Contribution  
Amount:** \$0.00

**Broker Statement** The settlement was paid by the firms Fidelity Bond company, not the firm or named individuals. Per disclosure letter this was NOT an award or judgement so 14I(1)(B) does NOT apply.

**Disclosure 2 of 2**

**Reporting Source:** Broker

**Employing firm when  
activities occurred which led  
to the complaint:** LIBERTY PARTNERS FINANCIAL SERVICES, LLC

**Allegations:** FAILURE TO DETECT/SUPERVISE ACTIONS OF REPRESENTATIVE.

**Product Type:** Equity-OTC

**Alleged Damages:** \$173,263.00

**Is this an oral complaint?** No

**Is this a written complaint?** No

**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes

**Arbitration/Reparation forum  
or court name and location:** N/A





**Docket/Case #:** N/A  
**Filing date of arbitration/CFTC reparation or civil litigation:** 06/09/2010

### Customer Complaint Information

**Date Complaint Received:** 06/21/2010  
**Complaint Pending?** No  
**Status:** Evolved into Arbitration/CFTC reparation (the individual is a named party)  
**Status Date:** 06/09/2010  
**Settlement Amount:**  
**Individual Contribution Amount:**

### Arbitration Information

**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA DESPUTE RESOLUTION - SLC UT  
**Docket/Case #:** 10-02746  
**Date Notice/Process Served:** 06/09/2010  
**Arbitration Pending?** No  
**Disposition:** Settled  
**Disposition Date:** 08/04/2011  
**Monetary Compensation Amount:** \$75,000.00  
**Individual Contribution Amount:** \$0.00



## Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	Liberty Partners Financial Services, LLC
<b>Allegations:</b>	The client claims the respondents did not manage his account according to FINRA rules which resulted in a \$43,419.00 loss.
<b>Product Type:</b>	Equity-OTC
<b>Alleged Damages:</b>	\$50,000.00
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	Yes
<b>Arbitration/Reparation forum or court name and location:</b>	FINRA
<b>Docket/Case #:</b>	1600140
<b>Filing date of arbitration/CFTC reparation or civil litigation:</b>	02/17/2016

### Customer Complaint Information

<b>Date Complaint Received:</b>	02/17/2016
<b>Complaint Pending?</b>	No
<b>Status:</b>	Evolved into Arbitration/CFTC reparation (the individual is a named party)
<b>Status Date:</b>	02/17/2016
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	



## Arbitration Information

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

FINRA

**Docket/Case #:**

1600140

**Date Notice/Process Served:**

02/17/2016

**Arbitration Pending?**

Yes

**Broker Statement**

I was not the rep on this account. I was named as a respondent because I am a principal of the firm.

## End of Report



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