

BrokerCheck Report

CHARLES SCHWAB & CO., INC.

CRD# 5393

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Firm Profile	2 - 7
Firm History	8
Firm Operations	9 - 19
Disclosure Events	20



Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

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



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)

CHARLES SCHWAB & CO., INC.

CRD# 5393

SEC# 8-16514

Main Office Location

3000 SCHWAB WAY
WESTLAKE, TX 76262-8104
Regulated by FINRA Dallas Office

Mailing Address

3000 SCHWAB WAY
SF211MN-08-330
WESTLAKE, TX 76262-8104

Business Telephone Number

415-636-7000

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

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

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 California on 04/01/1971.

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
- 4 Self-Regulatory Organizations
- 53 U.S. states and territories

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

This firm conducts 6 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have 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	57
Civil Event	3
Arbitration	239
Bond	2

The number of disclosures from non-registered control affiliates is 1



Firm Profile

This firm is classified as a corporation.

This firm was formed in California on 04/01/1971.

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.

CHARLES SCHWAB & CO., INC.

Doing business as CHARLES SCHWAB & CO., INC.

CRD# 5393

SEC# 8-16514

Main Office Location

3000 SCHWAB WAY
WESTLAKE, TX 76262-8104

Regulated by FINRA Dallas Office

Mailing Address

3000 SCHWAB WAY
SF211MN-08-330
WESTLAKE, TX 76262-8104

Business Telephone Number

415-636-7000



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): SCHWAB HOLDINGS, INC.

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

Position 100% OWNER

Position Start Date 01/1983

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): BEATTY, JONATHAN SCOTT

2429276

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

Position MANAGING DIRECTOR - HEAD OF ADVISOR SERVICES

Position Start Date 07/2024

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): CRAIG, JONATHAN M

4144656

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

Position DIRECTOR AND HEAD OF INVESTOR SERVICES AND MARKETING

Position Start Date 05/2023

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? No

Legal Name & CRD# (if any): HATHI, NEESHA K
2648997

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

Position MANAGING DIRECTOR HEAD OF WEALTH & ADVICE SOLUTIONS

Position Start Date 01/2023

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): HOWARD, DENNIS WILLARD
6403083

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

Position MANAGING DIRECTOR AND CHIEF INFORMATION OFFICER

Position Start Date 05/2017

Percentage of Ownership Less than 5%

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

Is this a public reporting company? No

Legal Name & CRD# (if any): NICHOLS, CHARLES

Firm Profile



Direct Owners and Executive Officers (continued)

	4811434
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR AND BROKER DEALER & INVESTMENT ADVISOR CHIEF COMPLIANCE OFFICER
Position Start Date	07/2023
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	STARR, JEFFREY HAROLD 4700461
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR, AND OPERATIONAL SERVICES AND PRINCIPAL OPERATIONS OFFICER
Position Start Date	01/2020
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):	VERDESCHI, MICHAEL DANIEL 4570777
Is this a domestic or foreign entity or an individual?	Individual
Position	MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER AND PRINCIPAL FINANCIAL OFFICER, DIRECTOR
Position Start Date	10/2024

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? No

Legal Name & CRD# (if any): WURSTER, RICHARD ANDREW
6638804

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

Position PRESIDENT, DIRECTOR

Position Start Date 10/2021

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):	THE CHARLES SCHWAB CORPORATION
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	SCHWAB HOLDINGS, INC.
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	03/1987
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

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, 4 SROs and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	06/13/1971

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	10/13/1970
Cboe EDGX Exchange, Inc.	Approved	04/03/2017
MEMX LLC	Approved	08/01/2020
Nasdaq Stock Market	Approved	07/12/2006



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	10/24/1981	North Carolina	Approved	07/15/1982
Alaska	Approved	07/08/1977	North Dakota	Approved	10/21/1981
Arizona	Approved	08/07/1974	Ohio	Approved	07/16/1982
Arkansas	Approved	05/22/1978	Oklahoma	Approved	07/17/1982
California	Approved	04/30/1971	Oregon	Approved	10/24/1981
Colorado	Approved	02/01/1983	Pennsylvania	Approved	06/02/1976
Connecticut	Approved	01/05/1976	Puerto Rico	Approved	09/01/1984
Delaware	Approved	10/06/1981	Rhode Island	Approved	02/01/1983
District of Columbia	Approved	12/14/1976	South Carolina	Approved	10/28/1981
Florida	Approved	04/27/1983	South Dakota	Approved	07/15/1982
Georgia	Approved	09/22/1981	Tennessee	Approved	08/17/1981
Hawaii	Approved	01/21/1977	Texas	Approved	07/25/1983
Idaho	Approved	11/05/1975	Utah	Approved	04/21/1983
Illinois	Approved	06/28/1978	Vermont	Approved	02/13/1984
Indiana	Approved	10/21/1981	Virgin Islands	Approved	08/29/2005
Iowa	Approved	07/14/1983	Virginia	Approved	09/23/1981
Kansas	Approved	06/28/1978	Washington	Approved	04/20/1983
Kentucky	Approved	07/16/1982	West Virginia	Approved	09/30/1981
Louisiana	Approved	04/20/1983	Wisconsin	Approved	07/23/1966
Maine	Approved	02/14/1984	Wyoming	Approved	12/12/1975
Maryland	Approved	10/03/1981			
Massachusetts	Approved	07/31/1981			
Michigan	Approved	02/03/1983			
Minnesota	Approved	07/15/1982			
Mississippi	Approved	10/14/1981			
Missouri	Approved	07/18/1983			
Montana	Approved	04/20/1983			
Nebraska	Approved	10/08/1981			
Nevada	Approved	07/19/1983			
New Hampshire	Approved	02/02/1983			
New Jersey	Approved	07/15/1983			
New Mexico	Approved	10/07/1981			
New York	Approved	01/02/1985			

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 6 types of businesses.

Types of Business

Exchange member engaged in exchange commission business other than floor activities

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

Mutual fund underwriter or sponsor

Mutual fund retailer

Put and call broker or dealer or option writer

Investment advisory services

Firm Operations



Clearing Arrangements

This firm does hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



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

Name: GLOBAL RELAY COMMUNICATIONS INC.
Business Address: 270-200 CAMBIE STREET
 VANCOUVER, CANADA V6B 2M9
Effective Date: 06/07/2023
Description: GLOBAL RELAY AGREES TO MAINTAIN AND PRESERVE BOOKS AND RECORDS PERTAINING TO CERTAIN INTERNET COMMUNICATIONS, AND TO PROMPTLY FURNISH SUCH BOOKS AND RECORDS IN AN ACCEPTABLE MEDIUM AND FORMAT UPON REQUEST.

Name: DIGITAL SAFE BY SMARSH
Business Address: 851 SW 6TH AVE #800
 PORTLAND, OR 97204
Effective Date: 10/22/2007
Description: ARCHIVAL SERVICES FOR OUR E-COMMUNICATIONS

Name: ENTERPRISE ARCHIVE
Business Address: 851 SW 6TH AVE #800
 PORTLAND, OR 97204
Effective Date: 06/13/2023
Description: ARCHIVAL SERVICES FOR OUR E-COMMUNICATIONS

Name: MICRO FOCUS INTERNATIONAL PLC
Business Address: 701 E MIDDLEFIELD RD
 MOUNTAIN VIEW, CA 94043
Effective Date: 10/22/2007
Description: EMAIL AND INSTANT MESSAGE ARCHIVAL SYSTEM.

Name: BROADRIDGE INVESTOR COMMUNICATION SOLUTIONS, INC.
Business Address: 1155 LONG ISLAND AVENUE
 EDGEWOOD, NY 11717
Effective Date: 11/09/2011
Description: BROADRIDGE INVESTOR COMMUNICATION SOLUTIONS, INC. PROVIDES A RECORD KEEPING SERVICE TO MAINTAIN AND PRESERVE CERTAIN RECORDS OF CHARLES SCHWAB & CO., INC. THE RECORDS WILL BE

Firm Operations



Industry Arrangements (continued)

ARCHIVED USING BROADRIDGE'S POSTEDGE SERVICES (THE "ELECTRONIC STORAGE MEDIA")

Name: IRON MOUNTAIN INFORMATION MANAGEMENT INC.

Business Address: 1000 CAMPUS DRIVE
COLLEGEVILLE, PA 19462

Effective Date: 03/01/1997

Description: MAINTAINS ORIGINAL APPLICATIONS AND OTHER BOOKS AND RECORDS FOR THE FIRM.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

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.

TD AMERITRADE, INC. is under common control with the firm.

CRD #:	7870
Business Address:	200 SOUTH 108TH AVENUE 31ST FLOOR OMAHA, NE 68154
Effective Date:	10/06/2020
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	Yes
Description:	TD AMERITRADE INC AND CHARLES SCHWAB & CO INC. ARE SUBSIDIARIES OF THE ULTIMATE PARENT COMPANY, THE CHARLES SCHWAB CORPORATION

CHARLES SCHWAB SG PTE. LTD. is under common control with the firm.

Business Address:	8 MARINA VIEW #12-01 ASIA SQUARE TOWER 1 SINGAPORE, ASIA 018960
Effective Date:	10/06/2020
Foreign Entity:	Yes
Country:	ASIA
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	CHARLES SCHWAB SG PTE. LTD. AND CHARLES SCHWAB & CO., INC. ARE

Firm Operations**Organization Affiliates (continued)**

SUBSIDIARIES OF THE ULTIMATE PARENT COMPANY, THE CHARLES SCHWAB CORPORATION

TD AMERITRADE CLEARING, INC. is under common control with the firm.

CRD #: 5633

Business Address: 200 S 108TH AVE
OMAHA, NE 68154

Effective Date: 10/06/2020

Foreign Entity: No

Country:

Securities Activities: Yes

Investment Advisory Activities: No

Description: TD AMERITRADE CLEARING, INC. AND CHARLES SCHWAB & CO., INC. ARE SUBSIDIARIES OF THE ULTIMATE PARENT COMPANY, THE CHARLES SCHWAB CORPORATION

TD AMERITRADE HONG KONG LIMITED is under common control with the firm.

Business Address: ROOM 602-606, 6F GLOUCESTER TOWER
HONG KONG, HONG KONG

Effective Date: 10/06/2020

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: TD AMERITRADE HONG KONG LIMITED AND CHARLES SCHWAB & CO., INC. ARE SUBSIDIARIES OF THE ULTIMATE PARENT COMPANY, THE CHARLES SCHWAB CORPORATION

SCHWAB WEALTH ADVISORY, INC. is under common control with the firm.

CRD #: 159035

Business Address: 211 MAIN STREET
SAN FRANCISCO, CA 94105

Firm Operations**Organization Affiliates (continued)**

Effective Date: 08/01/2011

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: SCHWAB WEALTH ADVISORY, INC. IS WHOLLY OWNED BY SCHWAB HOLDINGS, INC.; SCHWAB HOLDINGS, INC. IS WHOLLY OWNED BY THE CHARLES SCHWAB CORPORATION.

CHARLES SCHWAB, HONG KONG, LTD. is under common control with the firm.

Business Address: ROOMS 602-606, 6F GLOUCESTER TOWER
THE LANDMARK, 15 QUEENS ROAD CENTRAL
CENTRAL, HONG KONG

Effective Date: 12/16/1996

Foreign Entity: Yes

Country: HONG KONG

Securities Activities: Yes

Investment Advisory Activities: No

Description: CHARLES SCHWAB, HONG KONG, LTD IS WHOLLY OWNED BY SCHWAB INTERNATIONAL HOLDINGS, INC. SCHWAB INTERNATIONAL HOLDINGS, INC. IS 80% OWNED BY THE CHARLES SCHWAB CORPORATION AND 20% OWNED BY SCHWAB HOLDINGS, INC.; SCHWAB HOLDINGS, INC. IS WHOLLY OWNED BY THE CHARLES SCHWAB CORPORATION.

CHARLES SCHWAB, U.K., LIMITED is under common control with the firm.

Business Address: 33 LUDGATE HILL
LONDON, UNITED KINGDOM EC4

Effective Date: 03/24/2003

Foreign Entity: Yes

Country: UNITED KINGDOM

Securities Activities: Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: WHOLLY OWNED BY SCHWAB INTERNATIONAL HOLDINGS, INC., AN ENTITY ESTABLISHED TO TRANSACT SECURITIES BUSINESS IN THE UNITED KINGDOM AND IS REGISTERED WITH THE UK FINANCIAL CONDUCT AUTHORITY. SCHWAB INTERNATIONAL HOLDINGS, INC. IS 80% OWNED BY THE CHARLES SCHWAB CORPORATION AND 20% OWNED BY SCHWAB HOLDINGS, INC.; SCHWAB HOLDINGS, INC. IS WHOLLY OWNED BY THE CHARLES SCHWAB CORPORATION.

CHARLES SCHWAB INVESTMENT MANAGEMENT, INC is under common control with the firm.

CRD #: 106753

Business Address: 211 MAIN STREET
SAN FRANCISCO, CA 94105

Effective Date: 10/23/1989

Foreign Entity: No

Country:

Securities Activities: No

Investment Advisory Activities: Yes

Description: WHOLLY OWNED BY THE CHARLES SCHWAB CORPORATION. A MUTUAL FUND MANAGEMENT COMPANY; INVESTMENT ADVISOR FOR CHARLES SCHWAB & CO., INC.'S PROPRIETARY MUTUAL FUNDS.

This firm is 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

THE CHARLES SCHWAB CORPORATION is a Bank Holding Company and controls the firm.

Business Address: 3000 SCHWAB WAY
WESTLAKE, TX 76262

Effective Date: 11/25/1986

Firm Operations



Organization Affiliates (continued)

Description: THE CHARLES SCHWAB CORPORATION WHOLLY OWNS SCHWAB HOLDINGS, INC. WHICH WHOLLY OWNS CHARLES SCHWAB & CO. INC. THE CHARLES SCHWAB CORPORATION IS A FINANCIAL HOLDING COMPANY UNDER THE BANK HOLDING COMPANY ACT OF 1956, AS AMENDED.



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	1	56	0
Civil Event	0	3	0
Arbitration	N/A	239	N/A
Bond	N/A	2	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 56

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 SENT ITS CUSTOMERS TRANSACTION CONFIRMATIONS THAT OMITTED REQUIRED DISCLOSURES REGARDING ITS CUSTOMERS' PURCHASES OF CERTAIN EXCHANGE TRADED NOTES (ETNS). THE FINDINGS STATED THAT THE CONFIRMATIONS FAILED TO DISCLOSE THAT THE ETNS WERE CALLABLE AND THAT EARLY REDEMPTION COULD AFFECT THE ETNS' YIELD. THE FIRM RELIED ON A THIRD-PARTY VENDOR TO PROVIDE IT WITH REDEMPTION INFORMATION ABOUT SECURITIES, INCLUDING ETNS AND IT USED THE REDEMPTION INFORMATION IN TRANSACTION CONFIRMATIONS IT SENT TO CUSTOMERS. HOWEVER, FOR SOME OF THE ETNS, THE VENDOR PROVIDED INACCURATE OR INCOMPLETE INFORMATION ABOUT REDEEMABLE ETNS, AND FOR OTHER ETNS, THE FIRM RECEIVED ACCURATE REDEMPTION INFORMATION FROM ITS VENDOR BUT INACCURATELY STATED ON TRANSACTION CONFIRMATIONS THAT THE ETNS WERE NOT REDEEMABLE. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WSPS, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES CONCERNING TRANSACTION CONFIRMATIONS FOR CALLABLE ETNS. THE FIRM HAD NO PROCEDURES TO REVIEW THE ACCURACY OF THE REDEMPTION FEATURES OF ETNS IDENTIFIED IN THE CONFIRMATIONS OTHER THAN TO COMPARE THE INFORMATION TO THE DATA PROVIDED BY ITS THIRD-PARTY VENDOR. THE FIRM ALSO DID NOT HAVE ANY PROCEDURES TO VERIFY THE INFORMATION PROVIDED BY ITS VENDOR CONCERNING THE ETNS' CALLABILITY OR REDEMPTION FEATURES. ULTIMATELY, THE FIRM IDENTIFIED THAT THE ETN TRANSACTION CONFIRMATIONS DID NOT CONTAIN THE REQUIRED REDEMPTION DISCLOSURES AND SUBSEQUENTLY SELF-REPORTED THE ISSUE TO FINRA AND NOTIFIED ITS CUSTOMERS OF THE CORRECT REDEMPTION INFORMATION. SUBSEQUENTLY, THE FIRM REVISED ITS SUPERVISORY PROCEDURES TO REQUIRE FIRM PERSONNEL TO VALIDATE ETN REDEMPTION DATA PROVIDED BY THE FIRM'S VENDOR AND TO REVIEW ETN CONFIRMATION DATA FOR ACCURACY OF REDEMPTION INFORMATION.

Initiated By: FINRA

Date Initiated: 06/08/2023

Docket/Case Number: [2020068047101](#)

Principal Product Type: Other

Other Product Type(s): EXCHANGE TRADED NOTES

Principal Sanction(s)/Relief Sought: Other


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/08/2023

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 \$350,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$350,000. FINE PAID IN FULL ON JULY 5, 2023.

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 BETWEEN JANUARY 2016 AND DECEMBER 2020 IT SENT TO ITS CUSTOMERS TRANSACTION CONFIRMATIONS THAT OMITTED REQUIRED DISCLOSURES REGARDING PURCHASES OF CERTAIN ETNS. THE FINDINGS STATE THAT THE CONFIRMATIONS FAILED TO DISCLOSE THAT THE ETNS WERE CALLABLE AND THAT EARLY REDEMPTION COULD AFFECT THE ETNS' YIELD. THE FINDINGS ALSO STATE THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE A SUPERVISORY SYSTEM, INCLUDING WRITTEN SUPERVISORY PROCEDURES, REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES REGARDING TRANSACTION CONFIRMATIONS FOR CALLABLE ETNS.

Initiated By: FINRA

Date Initiated: 06/08/2023

Docket/Case Number: [2020068047101](#)

Principal Product Type: Other

Other Product Type(s): EXCHANGE TRADED NOTES (ETNS)



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/08/2023
Sanctions Ordered:	Censure Monetary/Fine \$350,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$350,000. PAYMENT WAS MADE BY THE FIRM ON X07/05/2023.
Firm Statement	THE FIRM WAS CENSURED AND FINED \$350,000. PAYMENT WAS MADE BY THE FIRM ON 07/05/2023.

Disclosure 2 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST CHARLES SCHWAB & CO., INC., CHARLES SCHWAB INVESTMENT ADVISORY, INC. AND SCHWAB WEALTH INVESTMENT ADVISORY, INC. ("RESPONDENTS"). THE COMMISSION FINDS THAT FROM MARCH 2015 THROUGH NOVEMBER 2018, CERTAIN INVESTMENT ADVISER SUBSIDIARIES OF THE CHARLES SCHWAB CORPORATION MADE FALSE AND MISLEADING STATEMENTS IN THEIR FORM ADV FILINGS ABOUT THE CASH COMPONENT OF THEIR ROBO-ADVISER SERVICE, SCHWAB INTELLIGENT PORTFOLIOS ("SIP"). EACH OF SIP'S MODEL PORTFOLIOS HELD BETWEEN 6% AND 29.4% OF CLIENTS' ASSETS IN CASH. THE AMOUNT OF CASH THAT EACH SIP MODEL PORTFOLIO CONTAINED WAS PRE-SET SO THAT RESPONDENTS' AFFILIATE BANK WOULD EARN AT LEAST A MINIMUM AMOUNT OF REVENUE FROM THE SPREAD ON THE CASH BY LOANING OUT THE MONEY. IN SIGNIFICANT PART BECAUSE OF THE REVENUE RECEIVED FROM THE SPREAD ON THE SIP CASH ALLOCATIONS, RESPONDENTS DID NOT CHARGE INVESTORS AN ADVISORY FEE FOR THE SIP SERVICE. BUT RESPONDENTS DID NOT</p>



DISCLOSE THAT, UNDER MARKET CONDITIONS WHERE OTHER ASSETS SUCH AS EQUITIES OUTPERFORM CASH, THE CASH ALLOCATIONS IN THE INVESTORS' PORTFOLIOS WOULD LOWER CLIENTS' RETURNS BY APPROXIMATELY THE SAME AMOUNT AS AN ADVISORY FEE WOULD HAVE. RESPONDENTS MADE FALSE AND MISLEADING STATEMENTS IN THEIR FORM ADV FILINGS REGARDING BOTH THEIR CONFLICT OF INTEREST IN SETTING THE CASH ALLOCATIONS AT A LEVEL THAT WOULD EARN A MINIMUM AMOUNT OF REVENUE, AS WELL AS THE EFFECT OF THE CASH ALLOCATIONS. FOR EXAMPLE, RESPONDENTS FAILED TO DISCLOSE IN THESE FILINGS THAT, UNDER MARKET CONDITIONS WHERE OTHER ASSETS SUCH AS EQUITIES OUTPERFORM CASH, THE CASH ALLOCATIONS IN SIP WOULD REDUCE INVESTORS' RETURNS BY APPROXIMATELY AS MUCH AS ADVISORY FEES WOULD HAVE. ALSO, THEY FALSELY CLAIMED THAT THE CASH ALLOCATIONS IN THE SIP PORTFOLIOS WERE DETERMINED THROUGH A "DISCIPLINED PORTFOLIO CONSTRUCTION METHODOLOGY" WHEN IN FACT THEY WERE PRE-SET FOR BUSINESS REASONS, AND TO COMPENSATE RESPONDENTS FOR NOT CHARGING AN ADVISORY FEE. RESPONDENTS' DISCLOSURE FAILURES WERE COMPOUNDED BY THE FACT THAT, AROUND THE SAME TIME, RESPONDENTS LAUNCHED A MARKETING CAMPAIGN THAT INCLUDED ADVERTISING STATING THAT SIP WAS A NO-ADVISORY-FEE PRODUCT, WHICH RESPONDENTS VIEWED AS A STRONG COMPETITIVE ADVANTAGE OVER OTHER ROBO-ADVISERS, AND FALSELY IMPLYING THAT INVESTING IN SIP ALLOWED INVESTORS TO KEEP MORE OF THEIR MONEY THAN OTHER ADVISORY SERVICES THAT CHARGED A FEE. BUT BECAUSE OF THE DISCLOSURE FAILURES IN RESPONDENTS' FORM ADV FILINGS AND THE MISLEADING ADVERTISEMENTS, INVESTORS WERE UNABLE TO MAKE A FULLY INFORMED DECISION REGARDING WHETHER THE LACK OF AN ADVISORY FEE BENEFITTED THEM. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, THE FIRM WILLFULLY VIOLATED SECTION 206(4) OF THE ADVISERS ACT AND RULES 206(4)-1(A)(5) AND 206(4)-7 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 06/13/2022

Docket/Case Number: 3-20897

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:	06/13/2022
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Sanctions Ordered:	Censure Monetary/Fine \$135,000,000.00 Disgorgement/Restitution Cease and Desist/Injunction
Other Sanctions Ordered:	PREJUDGMENT INTEREST ON DISGORGEMENT; UNDERTAKINGS
Sanction Details:	THE FIRM SHALL CEASE AND DESIST; IS CENSURED; SHALL PAY, JOINTLY AND SEVERALLY, DISGORGEMENT OF \$45,907,541, PREJUDGMENT INTEREST OF \$5,629,320, AND A CIVIL MONEY PENALTY IN THE AMOUNT OF \$135,000,000; AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.
Regulator Statement	RESPONDENTS HAVE SUBMITTED OFFERS OF SETTLEMENT ("OFFERS"), WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, THE FIRM WILLFULLY VIOLATED SECTION 206(4) OF THE ADVISERS ACT AND RULES 206(4)-1(A)(5) AND 206(4)-7 THEREUNDER. ACCORDINGLY, IT IS HEREBY ORDERED THAT RESPONDENT CS & CO.: CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(4) OF THE ADVISERS ACT AND RULES 206(4)- 1(A)(5) AND 206(4)-7 PROMULGATED THEREUNDER; IS CENSURED; SHALL PAY, JOINTLY AND SEVERALLY, DISGORGEMENT OF \$45,907,541, PREJUDGMENT INTEREST OF \$5,629,320, AND A CIVIL MONEY PENALTY IN THE AMOUNT OF \$135,000,000; AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	ON JUNE 13, 2022, SCHWAB AND ITS AFFILIATE CHARLES SCHWAB INVESTMENT ADVISORY, INC. (COLLECTIVELY, "SCHWAB" FOR PURPOSES OF THIS MATTER DESCRIPTION ONLY) REACHED AN AGREEMENT WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC" OR "COMMISSION") TO SETTLE MATTERS RELATED TO HISTORICAL DISCLOSURES AND MARKETING OF THE SCHWAB INTELLIGENT PORTFOLIOS ("SIP") PROGRAM (THE "PROGRAM").



AS PART OF THE SETTLEMENT, THE SEC FOUND THAT SCHWAB, ALONG WITH ITS FORMER AFFILIATE, SCHWAB WEALTH INVESTMENT ADVISORY, INC., VIOLATED CERTAIN PROVISIONS OF THE INVESTMENT ADVISERS ACT OF 1940, AND THE RULES THEREUNDER, FROM MARCH 2015 TO NOVEMBER 2018. THE SEC FOUND THAT SCHWAB MADE FALSE AND MISLEADING STATEMENTS IN FORM ADV PART 2A BROCHURES ABOUT THE CASH ALLOCATIONS IN PROGRAM ACCOUNTS, IN PARTICULAR ABOUT: (1) SCHWAB'S CONFLICT OF INTEREST IN SETTING THE CASH ALLOCATIONS; (2) THE INFLUENCE OF THIS CONFLICT OF INTEREST ON THE SIZE OF THE CASH ALLOCATIONS; AND (3) THE NEGATIVE EFFECT OF THE CASH ALLOCATIONS ON PERFORMANCE IN PROGRAM ACCOUNTS DURING MARKET CONDITIONS WHERE OTHER ASSETS SUCH AS EQUITIES OUTPERFORM CASH. THE SEC ALSO FOUND THAT SCHWAB FAILED TO SUFFICIENTLY IMPLEMENT COMPLIANCE POLICIES DESIGNED TO PREVENT THE PUBLICATION OF MISLEADING STATEMENTS. FINALLY, THE SEC FOUND THAT SCHWAB MADE SIMILARLY FALSE AND MISLEADING STATEMENTS IN ADVERTISEMENTS FOR THE PROGRAM.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 06/13/2022

Docket/Case Number: 3-20897

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: 06/13/2022

Sanctions Ordered: Censure
Monetary/Fine \$135,000,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: PREJUDGMENT INTEREST ON DISGORGEMENT; UNDERTAKINGS

Sanction Details: SCHWAB SHALL CEASE AND DESIST; IS CENSURED; AGREED TO PAY \$45,907,541 IN DISGORGEMENT, PREJUDGMENT INTEREST OF \$5,629,320, AND A CIVIL MONEY PENALTY IN THE AMOUNT OF \$135,000,000; AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.

Firm Statement SCHWAB SUBMITTED OFFERS OF SETTLEMENT ("OFFERS"), WHICH THE



COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF THE CONDUCT DESCRIBED HEREIN, THE COMMISSION DETERMINED THAT SCHWAB WILLFULLY VIOLATED SECTION 206(2) AND 206(4) OF THE ADVISERS ACT AND RULES 206(4)-1(A)(5) AND 206(4)-7 THEREUNDER. ACCORDINGLY, THE COMMISSION ORDERED THAT CS&CO.: CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 206(2) AND 206(4) OF THE ADVISERS ACT AND RULES 206(4)- 1(A)(5) AND 206(4)-7 PROMULGATED THEREUNDER AND SHALL COMPLY WITH THE UNDERTAKING ENUMERATED IN THE ORDER.

Disclosure 3 of 56

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 ESTABLISH A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE RISKS OF ITS MARKET ACCESS ACTIVITY AND TO PREVENT THE ENTRY OF ERRONEOUS ORDERS AND BY FAILING TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. SPECIFICALLY, THE FIRM'S CONTROLS FOR ORDERS DIRECTLY ROUTED TO NASDAQ AND FOR ORDERS ROUTED TO OTHER BROKER-DEALERS WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE THEY WERE UNREASONABLY HIGH, FAILED TO REASONABLY TAKE INTO ACCOUNT THE TRADING CHARACTERISTICS OF UNDERLYING SECURITIES, AND FAILED TO REJECT ORDERS THAT WERE NOT REASONABLY RELATED TO THE QUOTED PRICES OF SECURITIES. THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE THAT ORDERS PLACED INTO TRADING SYSTEMS WERE NOT ENTERED IN ERROR OR IN A MANNER INCONSISTENT WITH NASDAQ RULES. THE FIRM FURTHER FAILED TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS IN ITS CURRENT RISK AND CREDIT SYSTEM AS PART OF ITS BOOKS AND RECORDS.
Initiated By:	NASDAQ STOCK MARKET
Date Initiated:	05/26/2020
Docket/Case Number:	2015044918101
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:** 05/26/2020**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 \$25,000.00**Other Sanctions Ordered:** UNDERTAKINGS**Sanction Details:** THE FIRM WAS CENSURED, FINED \$50,000, OF WHICH \$25,000 SHALL BE PAYABLE TO NASDAQ, REQUIRED TO IMPLEMENT RISK MANAGEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC AND REQUIRED TO REVISE ITS WSPS AND WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS DESCRIBED IN THE AWC. OF THE \$50,000 FINE, \$25,000 SHALL BE PAYABLE TO NASDAQ AND \$25,000 SHALL BE PAYABLE TO NYSE ARCA, INC.**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 ESTABLISH A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE RISKS OF ITS MARKET ACCESS ACTIVITY AND TO PREVENT THE ENTRY OF ERRONEOUS ORDERS AND BY FAILING TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. SPECIFICALLY, THE FIRM'S CONTROLS FOR ORDERS DIRECTLY ROUTED TO NASDAQ AND FOR ORDERS ROUTED TO OTHER BROKER-DEALERS WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE THEY WERE UNREASONABLY HIGH, FAILED TO REASONABLY TAKE INTO ACCOUNT THE TRADING CHARACTERISTICS OF UNDERLYING SECURITIES, AND FAILED TO REJECT ORDERS THAT WERE NOT REASONABLY RELATED TO THE QUOTED PRICES OF SECURITIES. THE FIRM FAILED TO ESTABLISH



A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE THAT ORDERS PLACED INTO TRADING SYSTEMS WERE NOT ENTERED IN ERROR OR IN A MANNER INCONSISTENT WITH NASDAQ RULES. THE FIRM FURTHER FAILED TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS IN ITS CURRENT RISK AND CREDIT SYSTEM AS PART OF ITS BOOKS AND RECORDS.

Initiated By: NASDAQ STOCK MARKET

Date Initiated: 05/26/2020

Docket/Case Number: 2015044918101

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: 05/26/2020

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: THE FIRM WAS CENSURED, FINED \$50,000, OF WHICH \$25,000 SHALL BE PAYABLE TO NASDAQ, REQUIRED TO IMPLEMENT RISK MANAGEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC AND REQUIRED TO REVISE ITS WSPS AND WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS DESCRIBED IN THE AWC. OF THE \$50,000 FINE, \$25,000 SHALL BE PAYABLE TO NASDAQ AND \$25,000 SHALL BE PAYABLE TO NYSE ARCA, INC.

Disclosure 4 of 56

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 ESTABLISH A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE



RISKS OF ITS MARKET ACCESS ACTIVITY AND TO PREVENT THE ENTRY OF ERRONEOUS ORDERS AND BY FAILING TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. SPECIFICALLY, THE FIRM'S CONTROLS FOR ORDERS DIRECTLY ROUTED TO NYSE ARCA AND FOR ORDERS ROUTED TO OTHER BROKER-DEALERS WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE THEY WERE UNREASONABLY HIGH, FAILED TO REASONABLY TAKE INTO ACCOUNT THE TRADING CHARACTERISTICS OF UNDERLYING SECURITIES, AND FAILED TO REJECT ORDERS THAT WERE NOT REASONABLY RELATED TO THE QUOTED PRICES OF SECURITIES. THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE THAT ORDERS PLACED INTO TRADING SYSTEMS WERE NOT ENTERED IN ERROR OR IN A MANNER INCONSISTENT WITH NYSE ARCA RULES. THE FIRM FURTHER FAILED TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS IN ITS CURRENT RISK AND CREDIT SYSTEM AS PART OF ITS BOOKS AND RECORDS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 05/24/2020

Docket/Case Number: 2015044918102

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: 05/24/2020

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 \$25,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: THE FIRM WAS CENSURED, FINED \$50,000, OF WHICH \$25,000 IS PAYABLE



TO NYSE ARCA, REQUIRED TO IMPLEMENT RISK MANAGEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC AND REQUIRED TO REVISE THE ITS WSPS AND WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. THE REMAINING \$25,000 SHALL BE PAYABLE TO THE NASDAQ STOCK MARKET LLC.

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 ESTABLISH A SYSTEM OF RISK MANAGEMENT CONTROLS AND SUPERVISORY PROCEDURES REASONABLY DESIGNED TO MANAGE THE RISKS OF ITS MARKET ACCESS ACTIVITY AND TO PREVENT THE ENTRY OF ERRONEOUS ORDERS AND BY FAILING TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. SPECIFICALLY, THE FIRM'S CONTROLS FOR ORDERS DIRECTLY ROUTED TO NYSE ARCA AND FOR ORDERS ROUTED TO OTHER BROKER-DEALERS WERE NOT REASONABLY DESIGNED TO PREVENT THE ENTRY OF ERRONEOUS ORDERS BECAUSE THEY WERE UNREASONABLY HIGH, FAILED TO REASONABLY TAKE INTO ACCOUNT THE TRADING CHARACTERISTICS OF UNDERLYING SECURITIES, AND FAILED TO REJECT ORDERS THAT WERE NOT REASONABLY RELATED TO THE QUOTED PRICES OF SECURITIES. THE FIRM FAILED TO ESTABLISH A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE THAT ORDERS PLACED INTO TRADING SYSTEMS WERE NOT ENTERED IN ERROR OR IN A MANNER INCONSISTENT WITH NYSE ARCA RULES. THE FIRM FURTHER FAILED TO PRESERVE A WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS IN ITS CURRENT RISK AND CREDIT SYSTEM AS PART OF ITS BOOKS AND RECORDS.

Initiated By: NYSE ARCA, INC.

Date Initiated: 05/24/2020

Docket/Case Number: 2015044918102

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:	05/24/2020
Sanctions Ordered:	Censure Monetary/Fine \$25,000.00
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	THE FIRM WAS CENSURED, FINED \$50,000, OF WHICH \$25,000 IS PAYABLE TO NYSE ARCA, REQUIRED TO IMPLEMENT RISK MANAGEMENT CONTROLS AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES AND REGULATIONS CITED IN THE AWC AND REQUIRED TO REVISE THE ITS WSPS AND WRITTEN DESCRIPTION OF ITS RISK MANAGEMENT CONTROLS. THE REMAINING \$25,000 SHALL BE PAYABLE TO THE NASDAQ STOCK MARKET LLC.

Disclosure 5 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	CHARLES SCHWAB: (I) REPORTED INVALID OR TRUNCATED ACCOUNT NAMES TO THE LARGE OPTIONS POSITION LOPR IN APPROXIMATELY 19,979,529 INSTANCES; (II) SUBMITTED RECORDS TO THE LOPR WITH AN INVALID STREET ADDRESS OR CITY IN APPROXIMATELY 620,282 INSTANCES; (III) SUBMITTED RECORDS TO THE LOPR WITH A TAX ID OF ZERO AND NO POSTAL CODE FOR FOREIGN ACCOUNTS IN NUMEROUS INSTANCES. BECAUSE CHARLES SCHWAB REPORTED ALL OF THESE POSITIONS TO THE LOPR AND THESE INACCURACIES DID NOT ALTER THE POSITION DATA, THE ACCOUNTS WERE ABLE TO BE IDENTIFIED FOR SURVEILLANCE PURPOSES; (IV) FAILED TO ACCURATELY REPORT ON STANDARD AND WEEKLY EXPIRATIONS IN APPROXIMATELY 4,344 INSTANCES; (V) FAILED TO REPORT OR FAILED TO ACCURATELY REPORT LOPR RECORDS FOR 367 POSITIONS; (VI) FAILED TO REPORT OR FAILED TO ACCURATELY REPORT LOPR RECORDS FOR APPROXIMATELY 19,000 POSITIONS IN WEEKLY EXPIRATIONS TO THE LOPR; (VII) FAILED TO ACCURATELY REPORT TWO POSITIONS WITH THE CORRECT EFFECTIVE DATES; (VIII) FAILED TO REASONABLY SUPERVISE ITS LOPR REPORTING ACTIVITY SO AS TO ENSURE COMPLIANCE WITH EXCHANGE RULE 4.13, WHICH RESULTED IN NUMEROUS LOPR REPORTING VIOLATIONS; AND (IX) FAILED TO ESTABLISH ADEQUATE SUPERVISORY SYSTEMS, INCLUDING WRITTEN SUPERVISORY PROCEDURES AND A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH EXCHANGE RULE 4.13 GOVERNING REPORTING OPTIONS POSITIONS TO THE LOPR, WHICH RESULTED IN NUMEROUS



LOPR REPORTING VIOLATIONS. VIOLATIONS OF EXCHANGE RULES 4.2, 4.13 AND 4.24. CHARLES SCHWAB WAS CENSURED AND FINED \$300,000.

Initiated By: CBOE EXCHANGE, INC.
Date Initiated: 07/02/2018
Docket/Case Number: 18-0014/ 20150455238
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 08/30/2018
Sanctions Ordered: Censure
 Monetary/Fine \$300,000.00
Other Sanctions Ordered:
Sanction Details: A \$300,000 FINE AND A CENSURE.

Reporting Source: Firm
Current Status: Final
Allegations: CBOE EXCHANGE CLAIMED THAT, BETWEEN JANUARY 2010 THROUGH DECEMBER 2016, CHARLES SCHWAB & CO., INC. (CS&CO) INACCURATELY REPORTED LARGE OPTIONS POSTIONS REPORTING (LOPR) RECORDS, FAILED TO REPORT LOPR RECORDS, FAILED TO ESTABLISH ADEQUATE SUPERVISORY SYSTEMS REASONABLY DESIGNED TO ENSURE COMPLIANCE WITH A CBOE RULE, AND FAILED TO REASONABLY SUPERVISE ITS LOPR REPORTING ACTIVITY.

Initiated By: CBOE EXCHANGE, INC.
Date Initiated: 07/02/2018
Docket/Case Number: FILE NO. 18-0014 (STAR NO. 20150455238)
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)



Sought:	
Other Sanction(s)/Relief Sought:	CENSURE
Resolution:	Consent
Resolution Date:	08/30/2018
Sanctions Ordered:	Censure Monetary/Fine \$300,000.00
Other Sanctions Ordered:	
Sanction Details:	CS&CO WAS CENSURED AND FINED \$300,000.00. THE FINE WAS PAID ON SEPTEMBER 7, 2018.
Firm Statement	WITHOUT ADMITTING OR DENYING THAT A VIOLATION OF EXCHANGE RULES WAS COMMITTED, CS&CO CONSENTED TO A CENSURE AND TO PAY A FINE OF \$300,000.00.

Disclosure 6 of 56

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 TIMELY REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TRADE TIME EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS AND FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS.
Initiated By:	FINRA
Date Initiated:	10/16/2017
Docket/Case Number:	2016048798801
Principal Product Type:	Other
Other Product Type(s):	DEBT - SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	



Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/16/2017
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
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$50,000. FINES PAID IN FULL ON OCTOBER 27, 2017.
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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 TIMELY REPORT TRANSACTIONS IN TRADE REPORTING AND COMPLIANCE ENGINE (TRACE)-ELIGIBLE SECURITIZED PRODUCTS TO TRACE. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TO TRACE THE CORRECT TRADE TIME EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS AND FAILED TO SHOW THE CORRECT TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS.
Initiated By:	FINRA
Date Initiated:	10/16/2017
Docket/Case Number:	2016048798801
Principal Product Type:	Other
Other Product Type(s):	DEBT - SECURITIZED PRODUCTS
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)



Resolution Date: 10/16/2017

Sanctions Ordered: Censure
Monetary/Fine \$50,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$50,000. PAYMENT WAS MADE BY THE FIRM VIA WIRE TRANSFER ON 10/27/17.

Disclosure 7 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: CHARLES SCHWAB FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE TEXAS SECURITIES LAWS.
CHARLES SCHWAB FAILED TO ENFORCE ITS WRITTEN PROCEDURES WHEN IT FAILED TO TIMELY REMOVE THE AUTHORIZATIONS OF THE FLAGGED POAS WHO APPEARED TO BE IN VIOLATION OF TEXAS REGISTRATION LAWS AND DID NOT RESPOND IN A TIMELY MANNER OR WITH AN EXPLANATION THAT WAS CONSISTENT WITH TEXAS INVESTMENT ADVISER REGISTRATION LAWS.
CHARLES SCHWAB IS ORDERED TO PAY A FINE IN THE AMOUNT OF \$95,000.00 PAYABLE TO THE STATE OF TEXAS.
CHARLES SCHWAB FURTHER AGREES TO CONTRIBUTE AN ADDITIONAL \$30,000.00 TO BE USED FOR INVESTOR EDUCATION IN TEXAS TO THE INVESTOR EDUCATION FUND OF THE INVESTOR PROTECTION TRUST
CHARLES SCHWAB IS HEREBY REPRIMANDED.

Initiated By: TEXAS

Date Initiated: 09/22/2016

Docket/Case Number: IC-CAF-16

URL for Regulatory Action:

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: REPRIMAND

Resolution: Consent



Resolution Date: 09/22/2016

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: Monetary/Fine \$95,000.00

Other Sanctions Ordered: REPRIMAND
CHARLES SCHWAN AGREES TO CONTRIBUTE AN ADDITIONAL \$35,000.00 TO THE TEXAS INVESTOR EDUCATION FUND

Sanction Details: NONE

Reporting Source: Firm

Current Status: Final

Allegations: FOUND THAT SCHWAB FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH TEXAS SECURITIES LAWS. FOUND THAT SCHWAB FAILED TO ENFORCE WRITTEN PROCEDURES TO TIMELY REMOVE THE AUTHORIZATION OF POWERS OF ATTORNEY WHO APPEARED TO BE IN VIOLATION OF TEXAS REGISTRATION LAWS AND ALLEGATIONS SCHWAB DID NOT RESPOND IN A TIMELY MANNER OR WITH AN EXPLANATION THAT WAS CONSISTENT WITH TEXAS INVESTMENT ADVISER REGISTRATION LAWS.

Initiated By: TEXAS STATE SECURITIES BOARD

Date Initiated: 09/22/2016

Docket/Case Number: IC-CAF-16

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: REPRIMAND AND ADDITIONAL CONTRIBUTION TO THE INVESTOR EDUCATION FUND OF THE INVESTOR PROTECTION TRUST, WASHINGTON, DC.

Resolution: Consent

Resolution Date: 09/22/2016



Sanctions Ordered:	Monetary/Fine \$95,000.00
Other Sanctions Ordered:	REPRIMAND AND CONTRIBUTION OF \$30,000.00 TO THE INVESTOR EDUCATION FUND OF THE INVESTOR PROTECTION TRUST, WASHINGTON, DC.
Sanction Details:	ADMINISTRATIVE FINE OF \$95,000 WAS PAID TO THE STATE OF TEXAS ON 9/20/2016. CONTRIBUTION OF \$30,000 TO THE INVESTOR EDUCATION FUND OF THE INVESTOR PROTECTION TRUST OF WASHINGTON, DC PAID ON 9/26/2016.

Disclosure 8 of 56

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 THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMER THAT A TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE. THE FINDINGS STATED THAT THE FIRM FAILED TO REPORT TO TRADE REPORTING AND COMPLIANCE ENGINE (TRACE), TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION, FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES, AND FAILED TO REPORT TO TRACE THE CORRECT TIME OF TRADE EXECUTION FOR TRANSACTIONS IN TRACE-ELIGIBLE SECURITIES WITHIN 15 MINUTES OF THE TIME OF EXECUTION. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO SHOW THE CORRECT TIME OF ENTRY ON THE MEMORANDUM OF BROKERAGE ORDERS.
Initiated By:	FINRA
Date Initiated:	04/26/2016
Docket/Case Number:	2014039940001
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: 04/26/2016

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 \$17,500.00

Other Sanctions Ordered:

Sanction Details: THE FIRM IS CENSURED AND FINED \$17,500.00. FINE PAID IN FULL ON MAY 10, 2016.

Reporting Source: Firm

Current Status: Final

Allegations: FINRA FOUND THAT THE FIRM FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS THAT THE TRANSACTION WAS EXECUTED AT AN AVERAGE PRICE FOR CERTAIN TRANSACTIONS IN 2015 AND THAT THE FIRM FAILED TO TIMELY REPORT CERTAIN TRANSACTIONS TO TRACE, AND FAILED TO REPORT ACCURATE TIMES TO TRACE, FOR CERTAIN TRANSACTIONS THE FOURTH QUARTER OF 2013.

Initiated By: FINRA

Date Initiated: 03/09/2016

Docket/Case Number: 20140399400-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/26/2016

Sanctions Ordered: Censure
Monetary/Fine \$17,500.00

**Other Sanctions Ordered:**

Sanction Details: \$17,500 FINE WAS PAID VIA CHECK TO FINRA ON 5/5/16.

Disclosure 9 of 56

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 DID NOT MAINTAIN SUFFICIENT NET CAPITAL TO MEET ITS OBLIGATIONS UNDER THE FEDERAL SECURITIES LAWS. THE FINDINGS STATED THAT ON THREE DATES, THE FIRM MADE \$1 BILLION TRANSFERS TO ITS PARENT CORPORATION FOR OVERNIGHT INVESTMENT WITH THIRD-PARTY INVESTMENT COUNTERPARTIES, PURSUANT TO A REVOLVING LOAN AGREEMENT. AS A RESULT OF THE UNSECURED TRANSFERS, ON THOSE THREE DATES, THE FIRM WAS NET CAPITAL DEFICIENT BY \$612 MILLION, \$775 MILLION AND \$287 MILLION, RESPECTIVELY. THE FIRM IDENTIFIED AND SELF-REPORTED THE VIOLATION UPON DISCOVERY TO FINRA IN JULY 2014. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN, AND ENFORCE AN ADEQUATE SUPERVISORY SYSTEM, INCLUDING WRITTEN PROCEDURES, REASONABLY DESIGNED TO PREVENT THE FIRM'S TREASURY GROUP FROM ENTERING INTO INTERCOMPANY TRANSFERS WITH FIRM AFFILIATES THAT COULD RESULT IN AN UNSECURED RECEIVABLE TO THE FIRM UNDER SECURITIES EXCHANGE ACT OF 1934 (SEA) RULE 15C3-1(C) AND ADVERSELY IMPACT THE FIRM'S NET CAPITAL POSITION. THERE WAS NO SUPERVISORY SYSTEM OR WRITTEN SUPERVISORY PROCEDURES IN PLACE FROM MAY 2012 THROUGH JULY 2014 REQUIRING THE TREASURY GROUP TO EVALUATE WHETHER UNSECURED LOANS MADE FROM THE FIRM TO ITS PARENT CORPORATION UNDER THE LOAN AGREEMENT, OR OTHER INTERCOMPANY TRANSFERS WITH FIRM AFFILIATES, WOULD CREATE AN UNSECURED RECEIVABLE UNDER SEA RULE 15C3-1(C) AND IMPACT THE FIRM'S NET CAPITAL POSITION. THERE ALSO WAS NO SYSTEM OR PRACTICE IN PLACE REQUIRING THE TREASURY GROUP TO COMMUNICATE REGARDING SUCH MATTERS WITH THE REGULATORY REPORTING GROUP, WHICH HAD THE EXPERTISE IN HANDLING THE FIRM'S NET CAPITAL AND RESERVES CALCULATIONS, AND THE KNOWLEDGE OF THE FIRM'S NET CAPITAL POSITION AND HOW CASH TRANSFERS WOULD IMPACT THE FIRM. INDEED, DURING THE ABOVE PERIOD, THE FIRM HAD NO CONTROLS IN PLACE TO ENSURE THAT INTERCOMPANY TRANSFERS TO FIRM AFFILIATES MADE BY THE TREASURY GROUP WOULD NOT CREATE AN UNSECURED RECEIVABLE TO THE FIRM AND RESULT IN A NET CAPITAL DEFICIENCY. THE FINDINGS ALSO



INCLUDED THAT THE FIRM FAILED TO MAINTAIN AN ADEQUATE PROCESS TO ENSURE PROPRIETARY ACCOUNTS OF BROKER-DEALERS (PAB) WERE CATEGORIZED AND CODED IN ACCORDANCE WITH THE 2014 AMENDMENTS TO SEA RULE 15C3-3(E). AS A RESULT OF THIS CODING ISSUE, THE FIRM FAILED TO MAINTAIN THE APPROPRIATE LEVEL OF RESERVES IN ITS PAB RESERVE ACCOUNT AND HAD A HINDSIGHT DEFICIENCY OF AT LEAST \$800,000. THE FIRM CONTINUED TO CLASSIFY CERTAIN BROKER DEALER AND MUTUAL FUND ACCOUNTS AS CUSTOMER ACCOUNTS INSTEAD OF PAB ACCOUNTS. BECAUSE THESE ACCOUNTS WERE NOT PROPERLY CODED AS PAB ACCOUNTS, THE PAB RESERVE ACCOUNT WAS UNDERFUNDED BY AT LEAST \$800,000. THE FIRM CONDUCTED AN INDEPENDENT REVIEW OF ITS ACCOUNTS TO IDENTIFY AND RESOLVE THE CODING ERRORS, AND AT THE OUTSET OF THE PROCESS, DEPOSITED \$20 MILLION INTO ITS PAB RESERVE ACCOUNT TO COVER ANY ADDITIONAL IMPROPERLY CODED PAB ACCOUNTS.

Initiated By: FINRA

Date Initiated: 08/24/2015

Docket/Case Number: [2014042873601](#)

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: 08/24/2015

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: Censure
Monetary/Fine \$2,000,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$2 MILLION. FINE PAID IN FULL ON SEPTEMBER 2, 2015.

Regulator Statement WITH RESPECT TO THE SEA RULE 15C3-1(A) AND NASD RULE 3010



VIOLATIONS, THE FIRM IDENTIFIED AND SELF-REPORTED THE UNSECURED LOANS AND THE RESULTING NET CAPITAL DEFICIENCIES. THE FIRM ALSO HIRED AN INDEPENDENT EXTERNAL CONSULTANT TO REVIEW THE CIRCUMSTANCES SURROUNDING THE VIOLATIONS AND TO MAKE RECOMMENDATIONS. AFTER DETECTING THE ISSUE, THE FIRM PROMPTLY ADOPTED REMEDIAL MEASURES, WHICH INCLUDED TERMINATING THE LOAN AGREEMENT, ESTABLISHING RELATIONSHIPS WITH ADDITIONAL OVERNIGHT INVESTMENT COUNTERPARTIES, INCREASING LIMITS WITH EXISTING INVESTMENT COUNTERPARTIES, AND INSTITUTING A PROCESS REQUIRING THE TREASURY GROUP TO ASSESS WHETHER CASH TRANSFERS WOULD IMPACT THE FIRM'S NET CAPITAL POSITION. IN CONNECTION WITH SEA RULE 15C3-3, THE FIRM PERFORMED AN INTERNAL REVIEW OF ITS PAB ACCOUNTS TO ENSURE SUCH ACCOUNTS WERE PROPERLY CODED AND ADJUSTED ITS PAB RESERVE ACCOUNT TO RESOLVE THE DEFICIENCY. THE SANCTIONS REFLECT FINRA'S CONSIDERATION OF THE ABOVE ACTIONS TAKEN BY THE FIRM.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FINRA FOUND THAT ON THREE DAYS IN 2014, AS A RESULT OF INTERCOMPANY TRANSFERS TO ITS PARENT CORPORATION, THE FIRM DID NOT MAINTAIN SUFFICIENT NET CAPITAL AND DID NOT HAVE ADEQUATE PROCEDURES IN PLACE TO ASSESS THE POTENTIAL NET CAPITAL IMPACT OF SUCH INTERCOMPANY TRANSFERS. THE TRANSFERS TO THE PARENT CORPORATION WERE MADE FOR RISK MITIGATION AND OVERNIGHT INVESTMENT PURPOSES, AND THE PARENT CORPORATION RETURNED THE TRANSFERRED FUNDS TO THE FIRM THE NEXT BUSINESS DAY. FINRA ALSO FOUND THE FIRM DID NOT CATEGORIZE AND CODE PROPRIETARY ACCOUNTS OF BROKER-DEALERS (PAB) IN ACCORDANCE WITH CERTAIN 2014 RULE CHANGES, RESULTING IN AN UNDERFUNDING OF THE PAB RESERVE ACCOUNT.
Initiated By:	FINRA
Date Initiated:	08/24/2015
Docket/Case Number:	20140428736
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure



Other Sanction(s)/Relief Sought:	A FINE OF \$2 MILLION.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/24/2015
Sanctions Ordered:	Censure Monetary/Fine \$2,000,000.00
Other Sanctions Ordered:	
Sanction Details:	\$2 MILLION FINE TO BE PAID BY WIRE TRANSFER.
Firm Statement	THE FIRM IDENTIFIED AND SELF-REPORTED THE INTERCOMPANY TRANSFERS, AND RESOLVED THIS MATTER WITHOUT ADMITTING OR DENYING THE FINDINGS. THE FIRM PROMPTLY ADOPTED REMEDIAL MEASURES WHICH INCLUDED INSTITUTING A PROCESS TO ASSESS WHETHER CERTAIN INTERCOMPANY TRANSFERS IMPACT THE FIRM'S NET CAPITAL POSITION AND REVIEWING PAB ACCOUNTS TO ENSURE THEY ARE PROPERLY CODED AND RESERVED.

Disclosure 10 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC ADMIN RELEASE 34-73498 / NOVEMBER 3, 2014: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST CHARLES SCHWAB & CO., INC. ("SCHWAB" OR "RESPONDENT"). IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE 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 HEREIN, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THESE PROCEEDINGS, WHICH ARE ADMITTED, RESPONDENT CONSENTS TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B), 15B(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER. ON THE BASIS OF THIS ORDER AND RESPONDENT'S



OFFER, THE COMMISSION FINDS THAT: THESE PROCEEDINGS INVOLVE THE SALE OF NON-INVESTMENT GRADE OR "JUNK" BONDS ISSUED BY THE COMMONWEALTH OF PUERTO RICO ("PUERTO RICO") BY SCHWAB, A REGISTERED BROKER-DEALER AND MUNICIPAL SECURITIES DEALER, TO CUSTOMERS IN AMOUNTS BELOW THE MINIMUM DENOMINATION OF THE ISSUE. RULE G-15(F) PROMULGATED BY THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") PROHIBITS DEALERS FROM EFFECTING CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES IN AMOUNTS BELOW THE MINIMUM DENOMINATIONS OF THE ISSUES. MINIMUM DENOMINATIONS ARE GENERALLY INTENDED TO LIMIT SALES OF MUNICIPAL SECURITIES TO RETAIL CUSTOMERS FOR WHOM SUCH BONDS MAY NOT BE SUITABLE, BUT THE PROSCRIPTIONS OF RULE G-15(F) APPLY TO ALL TRANSACTIONS WITH CUSTOMERS, REGARDLESS OF WHETHER THE SECURITIES ARE SUITABLE FOR THE CUSTOMER. IN MARCH 2014, SCHWAB VIOLATED MSRB RULE G-15(F) BY EXECUTING FOUR UNSOLICITED SALES TRANSACTIONS IN THE PUERTO RICO BONDS WITH CUSTOMERS IN AMOUNTS BELOW THE \$100,000 MINIMUM DENOMINATION OF THE ISSUE ESTABLISHED BY THE ISSUER, PUERTO RICO, AND SPECIFIED IN THE OFFICIAL STATEMENT. THE LIMITED EXCEPTIONS PROVIDED UNDER MSRB RULE G-15(F) FOR CUSTOMER TRANSACTIONS IN MUNICIPAL SECURITIES BELOW THE MINIMUM DENOMINATION OF AN ISSUE DID NOT APPLY TO THESE TRANSACTIONS. RESPONDENT DID NOT HAVE ANY POLICIES OR PROCEDURES CONCERNING MSRB RULE G-15(F). AS A RESULT OF THE CONDUCT, RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED SECTION 15B(C)(1) OF THE EXCHANGE ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 11/03/2014

Docket/Case Number: 3-16232

Principal Product Type: Other

Other Product Type(s): NON-INVESTMENT GRADE OR "JUNK" BONDS

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 11/03/2014



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 \$61,800.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details:

ACCORDINGLY, IT IS HEREBY ORDERED THAT: RESPONDENT CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15B(C)(1) OF THE EXCHANGE ACT AND MSRB RULE G-15(F). RESPONDENT IS CENSURED. RESPONDENT SHALL, WITHIN SEVEN (7) DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$61,800. RESPONDENT WILLFULLY VIOLATED MSRB RULE G-15(F). AS A RESULT OF RESPONDENT'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), RESPONDENT WILLFULLY VIOLATED SECTION 15B(C)(1) OF THE EXCHANGE ACT.

Regulator Statement

IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY RESPONDENT. AFTER IT WAS MADE AWARE BY COMMISSION STAFF THAT IT HAD EFFECTED CUSTOMER TRANSACTIONS IN THE 2014 BONDS BELOW THE MINIMUM DENOMINATION OF THE ISSUE, RESPONDENT CANCELLED THE TRANSACTIONS. RESPONDENT HAS ALSO AMENDED ITS POLICIES AND PROCEDURES TO ENSURE COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL UNDERTAKE TO REVIEW THE ADEQUACY OF ITS EXISTING POLICIES AND PROCEDURES RELATING TO COMPLIANCE WITH MSRB RULE G-15(F). AFTER THAT REVIEW, RESPONDENT WILL MAKE SUCH CHANGES AS ARE NECESSARY TO EFFECT COMPLIANCE WITH MSRB RULE G-15(F), INCLUDING ADOPTING NEW POLICIES AND PROCEDURES OR SUPPLEMENTING EXISTING POLICIES AND PROCEDURES. RESPONDENT WILL IMPLEMENT THESE POLICIES AND PROCEDURES, AND CONDUCT TRAINING AS TO THE POLICIES AND PROCEDURES AND COMPLIANCE WITH MSRB RULE G-15(F). RESPONDENT WILL INFORM COMMISSION STAFF NO LATER THAN SIX (6) MONTHS AFTER THE ENTRY OF THIS ORDER THAT IT HAS COMPLIED WITH THE ABOVE UNDERTAKINGS.

Reporting Source:

Firm

Current Status:

Final



Allegations: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") ALLEGED THAT IN MARCH 2014 CHARLES SCHWAB & CO., INC. ("SCHWAB") VIOLATED MSRB RULE G-15(F) BY EXECUTING FOUR UNSOLICITED SALES TRANSACTIONS IN PUERTO RICO GENERAL OBLIGATION BONDS OF 2014 SERIES A ("THE 2014 BONDS") WITH CUSTOMERS IN AMOUNTS BELOW THE \$100,000 MINIMUM DENOMINATION OF THE ISSUE ESTABLISHED BY THE ISSUER, PUERTO RICO, AND SPECIFIED IN THE OFFICIAL STATEMENT. THE COMMISSION ALSO ALLEGED THAT CHARLES SCHWAB & CO., INC. DID NOT HAVE ANY POLICIES OR PROCEDURES CONCERNING MSRB RULE G-15(F). AS A RESULT OF THIS CONDUCT, THE COMMISSION ALLEGED THAT SCHWAB WILLFULLY VIOLATED MSRB RULE G -15(F) AND, THAT AS A RESULT OF SCHWAB'S WILLFUL VIOLATIONS OF MSRB RULE G-15(F), SCHWAB WILLFULLY VIOLATED SECTION 15(B)(C)(1) OF THE EXCHANGE ACT. THE 2014 BONDS ARE NON-INVESTMENT GRADE SECURITIES AND ARE CONSIDERED JUNK BONDS.

SCHWAB SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION ACCEPTED AND, WITHOUT ADMITTING OR DENYING THE FINDINGS, CONSENTED TO THE ENTRY OF AN ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(B), 15(B)(C)(2) AND 21C OF THE SECURITIES EXCHANGE ACT OF 10934, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 11/03/2014

Docket/Case Number: 3-16232

Principal Product Type: Other

Other Product Type(s): DEBT - MUNICIPAL

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

Other Sanction(s)/Relief Sought: CENSURE, CIVIL AND ADMINISTRATIVE PENALTIES

Resolution: Order

Resolution Date: 11/03/2014

Sanctions Ordered: Censure
Monetary/Fine \$61,800.00
Cease and Desist/Injunction

Other Sanctions Ordered:

**Sanction Details:**

THE COMMISSION ORDERED THAT SCHWAB CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15B(C)(1) OF THE EXCHANGE ACT AND MSRB RULE G-15(F). SCHWAB WAS ALSO CENSURED AND SCHWAB, WITHIN SEVEN DAYS OF THE ENTRY OF THE ORDER, WILL PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$61,800 TO THE COMMISSION.

Firm Statement

IN DETERMINING TO ACCEPT THE OFFER, THE COMMISSION CONSIDERED REMEDIAL ACTS PROMPTLY UNDERTAKEN BY SCHWAB. AFTER SCHWAB WAS MADE AWARE BY COMMISSION STAFF THAT IT HAD EFFECTED CUSTOMER TRANSACTIONS IN THE 2014 BONDS BELOW THE MINIMUM DENOMINATION OF THE ISSUE, SCHWAB CANCELLED THE TRANSACTIONS. SCHWAB HAS ALSO AMENDED ITS POLICIES AND PROCEDURES TO ENSURE COMPLIANCE WITH MSRB RULE G-15(F). SCHWAB WILL UNDERTAKE TO REVIEW THE ADEQUACY OF ITS EXISTING POLICIES AND PROCEDURES RELATING TO COMPLIANCE WITH MSRB RULE G-15(F). AFTER THAT REVIEW, SCHWAB WILL MAKE SUCH CHANGES AS ARE NECESSARY TO EFFECT COMPLIANCE WITH MSRB RULE G-15(F), INCLUDING ADOPTING NEW POLICIES AND PROCEDURES OR SUPPLEMENTING EXISTING POLICIES AND PROCEDURES. SCHWAB WILL IMPLEMENT THESE POLICIES AND PROCEDURES, AND CONDUCT TRAINING AS TO THE POLICIES AND PROCEDURES AND COMPLIANCE WITH MSRB RULE G-15(F). SCHWAB WILL INFORM COMMISSION STAFF NO LATER THAN SIX (6) MONTHS AFTER THE ENTRY OF THIS ORDER, THAT IT HAS COMPLIED WITH THE ABOVE UNDERTAKINGS.

Disclosure 11 of 56**Reporting Source:**

Firm

Current Status:

Final

Allegations:

SCHWAB FAILED TO REPORT TO THE DIRECTOR THREE SEPARATE FINRA ADMINISTRATIVE ACTIONS AGAINST ITS BUSINESS ENTITY PRODUCER LICENSE IN ANOTHER JURISDICTION WITHIN THIRTY DAYS OF THE FINAL DISPOSITION OF THE MATTER - AWC #20110289412-01; AWC #2011029074302 AND AWC #20100228149-01 IN VIOLATION OF SECTION 375.141.6, RSMO (SUPP. 2013)

Initiated By:

STATE OF MISSOURI - DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION.

Date Initiated:

05/02/2014

Docket/Case Number:

216865(E)

Principal Product Type:

No Product

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Other**Other Sanction(s)/Relief Sought:****Resolution:** Other**Resolution Date:** 06/05/2014**Sanctions Ordered:** Monetary/Fine \$750.00**Other Sanctions Ordered:** N/A**Sanction Details:** SEE ABOVE**Firm Statement**

CHARLES SCHWAB INSURANCE SERVICES ENTERED INTO A VOLUNTARY FORFEITURE AGREEMENT WITH THE MISSOURI DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION.

Disclosure 12 of 56**Reporting Source:** Regulator**Current Status:** Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT FINRA FILED A THREE-COUNT COMPLAINT AGAINST IT CHARGING THAT A CLASS ACTION WAIVER ADOPTED BY THE FIRM VIOLATED CERTAIN NASD AND FINRA RULES. THE FINDINGS STATED THAT THE CLASS ACTION WAIVER PROVIDED THAT CUSTOMERS COULD NOT FILE OR PARTICIPATE IN ANY MANNER IN CLASS ACTIONS AGAINST THE FIRM AND THAT ARBITRATORS DO NOT HAVE AUTHORITY TO CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS. THE FINDINGS ALSO STATED THAT THE FIRM FILED AN ANSWER TO THE COMPLAINT DENYING THE ALLEGED VIOLATIONS AND ASSERTING LEGAL DEFENSES. A HEARING PANEL ASSIGNED TO THE DISCIPLINARY ACTION ISSUED A DECISION GRANTING IN PART AND DENYING IN PART THE PARTIES' CROSS MOTIONS FOR SUMMARY DISPOSITION. THE HEARING PANEL DISMISSED TWO COUNTS AGAINST THE FIRM AND FOUND AGAINST THE FIRM ON THE THIRD COUNT. IT IMPOSED A \$500,000 FINE AS TO THE THIRD COUNT.

Initiated By: FINRA**Date Initiated:** 04/24/2014**Docket/Case Number:** [2011029760202](#)



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	04/24/2014
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:	Monetary/Fine \$500,000.00
Other Sanctions Ordered:	THE FIRM WILL NOTIFY ALL CUSTOMERS THAT THE CLASS ACTION WAIVER HAS BEEN WITHDRAWN AND IS NO LONGER IN FORCE AND EFFECT IN ITS NEXT QUARTERLY MAILING OF ACCOUNT AGREEMENTS TO ITS CUSTOMERS. A REGISTERED PRINCIPAL OF THE FIRM WILL PROVIDE FINRA WITH PROOF OF THE NOTIFICATION NO LATER THAN TEN DAYS AFTER IT HAS BEEN MADE.
Sanction Details:	SEE ABOVE
Regulator Statement	FINE PAID IN FULL ON MAY 2, 2014.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT FINRA FILED A THREE-COUNT COMPLAINT AGAINST IT CHARGING THAT A CLASS ACTION WAIVER ADOPTED BY THE FIRM VIOLATED CERTAIN NASD AND FINRA RULES. THE FINDINGS STATED THAT THE CLASS ACTION WAIVER PROVIDED THAT CUSTOMERS COULD NOT FILE OR PARTICIPATE IN ANY MANNER IN CLASS ACTIONS AGAINST THE FIRM AND THAT ARBITRATORS DO NOT HAVE AUTHORITY TO CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS. THE FINDINGS ALSO STATED THAT THE FIRM FILED AN ANSWER TO THE COMPLAINT DENYING THE ALLEGED VIOLATIONS AND ASSERTING LEGAL DEFENSES. A HEARING PANEL ASSIGNED TO THE DISCIPLINARY



ACTION ISSUED A DECISION GRANTING IN PART AND DENYING IN PART THE PARTIES' CROSS MOTIONS FOR SUMMARY DISPOSITION. THE HEARING PANEL DISMISSED TWO COUNTS AGAINST THE FIRM AND FOUND AGAINST THE FIRM ON THE THIRD COUNT. IT IMPOSED A \$500,000 FINE AS TO THE THIRD COUNT.

Initiated By: FINRA

Date Initiated: 04/24/2014

Docket/Case Number: [2011029760202](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/24/2014

Sanctions Ordered: Monetary/Fine \$500,000.00

Other Sanctions Ordered: THE FIRM WILL NOTIFY ALL CUSTOMERS THAT THE CLASS ACTION WAIVER HAS BEEN WITHDRAWN AND IS NO LONGER IN FORCE AND EFFECT IN ITS NEXT QUARTERLY MAILING OF ACCOUNT AGREEMENTS TO ITS CUSTOMERS. A REGISTERED PRINCIPAL OF THE FIRM WILL PROVIDE FINRA WITH PROOF OF THE NOTIFICATION NO LATER THAN TEN DAYS AFTER IT HAS BEEN MADE.

Sanction Details: SEE ABOVE

Disclosure 13 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: FINRA RULES 2010, 3310(A) - CHARLES SCHWAB & CO., INC. OPENED ACCOUNTS FOR A NEW INVESTOR THROUGH AN INDEPENDENT INVESTMENT ADVISOR. THE CUSTOMER STATED ON NEW ACCOUNT APPLICATIONS THAT SHE WAS AN EMPLOYEE OF A U.S. FINANCIAL SERVICES FIRM. THE CUSTOMER SENT WIRE TRANSFERS TOTALING \$96 MILLION FROM AN ACCOUNT OWNED BY THE THE FINANCIAL SERVICES FIRM TO THE NEWLY OPENED ACCOUNTS AT THE FIRM, NOTING THE SOURCE OF THE MONEY WAS A CORPORATE ACCOUNT IN THE FINANCIAL

SERVICES FIRM'S NAME. THE CUSTOMER INITIATED THE WIRE TRANSFERS USING ACCOUNT ACCESS SHE HAD GAINED THROUGH FRAUDULENT MEANS. NO ONE AT THE FIRM INQUIRED INTO THE INCOMING WIRE TRANSACTIONS. THE CUSTOMER INVESTED SOME OF THE FUNDS IN MUTUAL FUNDS AND MONEY MARKET FUNDS AND DID NOT MAKE ANY WITHDRAWALS PRIOR TO THE DETECTION OF HER THEFT. THE U.S. ATTORNEY CHARGED THE CUSTOMER WITH ONE COUNT OF WIRE FRAUD FOR WHICH SHE PLED GUILTY AND WAS SENTENCED TO A 63-MONTH PRISON TERM. AS PART OF THE FIRM'S ANTI-MONEY LAUNDERING (AML) PROGRAM, THE FIRM UTILIZED A COMPUTER SYSTEM TO SURVEIL ACCOUNTS AND TRANSACTIONS FOR POTENTIALLY SUSPICIOUS ACTIVITY. THE FIRM'S INCOMING ELECTRONIC TRANSACTIONS SCENARIO IN THE COMPUTER'S AML SYSTEM FAILED TO GENERATE ANY ALERTS FOR THE INCOMING WIRE TRANSACTIONS AND THEY WERE NOT ESCALATED FOR FURTHER INVESTIGATION BECAUSE THE FIRM'S PROCESS FOR DETERMINING WHETHER ACCOUNTS WERE RELATED DID NOT DESIGNATE THE ACCOUNTS AS RELATED SO THAT NO AML ALERT WAS GENERATED EVEN THOUGH A ALERT SHOULD HAVE BEEN GENERATED; THE FIRM'S SYSTEM DID NOT GENERATE AN ALERT EVEN THOUGH THE INCOMING WIRE TRANSACTIONS WOULD HAVE MET THE THRESHOLDS TO GENERATE AN ALERT; THE FIRM'S SYSTEM DID NOT GENERATE ANY ALERTS FOR THE LARGE DOLLAR DEPOSITS INTO NEWLY-OPENED ACCOUNTS OR FOR THE AGGREGATE AMOUNT OF THE WIRES; AND EVEN IF THE SYSTEM HAD GENERATED AN ALERT, UNDER THE FIRM'S SYSTEM THE INCOMING WIRES WOULD NOT HAVE GENERATED A SUFFICIENT NUMBER OF ALERTS FOR THE ACTIVITY TO BE ESCALATED FOR REVIEW BY AN ANALYST. THE FINANCIAL SERVICES FIRM NOTIFIED THE FIRM THAT THE FUNDS HAD BEEN STOLEN; THE FIRM FROZE THE ACCOUNTS AND RETURNED THE FUNDS, MINUS APPROXIMATELY \$126,000 IN LOSSES INCURRED ON INVESTMENTS MADE IN THE ACCOUNTS. THE FIRM FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT COULD REASONABLY HAVE BEEN EXPECTED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS ACTIVITY.

Initiated By: FINRA
Date Initiated: 12/18/2013
Docket/Case Number: [2011029074302](#)
Principal Product Type: Other
Other Product Type(s): WIRE TRANSFERS
Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/18/2013

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 \$175,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$175,000 AND REQUIRED TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS AML POLICIES, SYSTEMS, PROCEDURES (WRITTEN OR OTHERWISE), AND TRAINING WITH RESPECT TO DETECTING AND REPORTING SUSPICIOUS INCOMING WIRE TRANSFERS. WITHIN 180 DAYS OF THE ACCEPTANCE OF THIS AWC, A FIRM OFFICER SHALL CERTIFY IN WRITING TO FINRA THAT THE FIRM HAS ENGAGED IN THE REVIEW AND AS OF THE DATE OF THE CERTIFICATION, THE FIRM HAS IN PLACE POLICIES AND PROCEDURES TO ADDRESS AND CORRECT THE VIOLATIONS IN THE AWC. THE CERTIFICATION SHALL BE ACCOMPANIED BY A DESCRIPTION OF THE REVIEW AND AT THE TIME OF THE CERTIFICATION, THE FIRM SHALL PROVIDE FINRA WITH A COPY OF ITS PROCEDURES RELATING TO COMPLIANCE WITH FINRA RULE 3310.

Reporting Source: Firm

Current Status: Final

Allegations: IN VIOLATION OF FINRA RULES 2010 AND 3310(A), CHARLES SCHWAB & CO., INC. FAILED TO IMPLEMENT POLICIES AND PROCEDURES THAT WERE REASONABLY DESIGNED TO DETECT AND CAUSE THE REPORTING OF SUSPICIOUS INCOMING WIRE TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 12/18/2013

Docket/Case Number: [2011029074302](#)



Principal Product Type:	Other
Other Product Type(s):	WIRE TRANSFERS
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/18/2013
Sanctions Ordered:	Censure Monetary/Fine \$175,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, SCHWAB CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, SCHWAB WAS CENSURED, FINED \$175,000 AND REQUIRED TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF ITS AML POLICIES, SYSTEMS, PROCEDURES (WRITTEN OR OTHERWISE), AND TRAINING WITH RESPECT TO DETECTING AND REPORTING SUSPICIOUS INCOMING WIRE TRANSFERS. WITHIN 180 DAYS OF THE ACCEPTANCE OF THE AWC, A FIRM OFFICER SHALL CERTIFY IN WRITING TO FINRA THAT THE FIRM HAS ENGAGED IN THE REVIEW AND AS OF THE DATE OF THE CERTIFICATION, THE FIRM HAS IN PLACE POLICIES AND PROCEDURES TO ADDRESS AND CORRECT THE VIOLATIONS IN THE AWC. THE CERTIFICATION SHALL BE ACCOMPANIED BY A DESCRIPTION OF THE REVIEW AND AT THE TIME OF THE CERTIFICATION, THE FIRM SHALL PROVIDE FINRA WITH A COPY OF ITS PROCEDURES RELATING TO COMPLIANCE WITH FINRA RULE 3310.

Disclosure 14 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC RULE 10B-10 - CHARLES SCHWAB & CO., INC. FAILED TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS A CALL DATE THAT WAS CONSISTENT WITH THE DISCLOSED YIELD TO CALL.
Initiated By:	FINRA
Date Initiated:	08/23/2013
Docket/Case Number:	2011028941201



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: 08/23/2013
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. FINE PAID IN FULL ON SEPTEMBER 17, 2013.

Reporting Source: Firm
Current Status: Final
Allegations: THE FIRM FAILED ON 44 OCCASIONS DURING 2ND QUARTER 2011 AND ON 245 OCCASIONS DURING 1 HALF OF THE 2012 REVIEW PERIOD TO PROVIDE WRITTEN NOTIFICATION DISCLOSING TO ITS CUSTOMERS A CALL DATE THAT WAS CONSISTENT WITH THE DISCLOSED YIELD TO CALL IN VIOLATION OF SEC RULE 10B-10.
Initiated By: FINRA
Date Initiated: 08/23/2013
Docket/Case Number: 20110289412-01
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED SECURITIES



Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/23/2013
Sanctions Ordered:	Censure Monetary/Fine \$12,500.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, CHARLES SCHWAB & CO., INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

Disclosure 15 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SCHWAB DISSEMINATED SALES LITERATURE AND FAILED TO WITHHOLD THE SALES LITERATURE FROM CIRCULATION PRIOR TO INCORPORATING THE REQUIRED CHANGES SPECIFIED BY THE EXCHANGE. IN ADDITION, SCHWAB FAILED TO ADEQUATELY SUPERVISE ITS ASSOCIATED PERSONS TO ASSURE COMPLIANCE WITH EXCHANGE RULE 9.21(C), IN THAT THE SALES LITERATURE WAS DISSEMINATED PRIOR TO INCORPORATING THE REQUIRED CHANGES SPECIFIED BY THE EXCHANGE. (EXCHANGE RULES 4.2 - ADHERENCE TO LAW AND 9.21 - OPTIONS COMMUNICATIONS)
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated:	03/25/2013
Docket/Case Number:	13-0021
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement



Resolution Date: 05/29/2013

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered: A \$10,000 FINE, A CENSURE AND AN UNDERTAKING TO ENHANCE ITS WRITTEN SUPERVISORY PROCEDURES TO REQUIRE REVIEW AND APPROVAL OF THE FINAL DRAFT OF OPTIONS COMMUNICATIONS BY A REGISTERED OPTIONS PRINCIPAL AND TO CONDUCT TRAINING OF ALL EMPLOYEES WHO HAVE RESPONSIBILITIES CONCERNING OPTIONS COMMUNICATIONS REVIEW AND PUBLICATION. THE ENHANCED WRITTEN SUPERVISORY PROCEDURES SHALL BE SUBMITTED TO THE EXCHANGE WITHIN 60 CALENDAR DAYS FROM THE ISSUANCE OF THE DECISION IN THIS MATTER.

Sanction Details: A \$10,000 FINE, A CENSURE AND AN UNDERTAKING TO ENHANCE ITS WRITTEN SUPERVISORY PROCEDURES TO REQUIRE REVIEW AND APPROVAL OF THE FINAL DRAFT OF OPTIONS COMMUNICATIONS BY A REGISTERED OPTIONS PRINCIPAL AND TO CONDUCT TRAINING OF ALL EMPLOYEES WHO HAVE RESPONSIBILITIES CONCERNING OPTIONS COMMUNICATIONS REVIEW AND PUBLICATION. THE ENHANCED WRITTEN SUPERVISORY PROCEDURES SHALL BE SUBMITTED TO THE EXCHANGE WITHIN 60 CALENDAR DAYS FROM THE ISSUANCE OF THE DECISION IN THIS MATTER.

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGES IN OR ABOUT NOVEMBER 2011, (1) SCHWAB VIOLATED EXCHANGE RULE 9.21, IN THAT SCHWAB DISSEMINATED SALES LITERATURE AND FAILED TO WITHHOLD THE SALES LITERATURE FROM CIRCULATION PRIOR TO INCORPORATING THE REQUIRED CHANGES SPECIFIED BY THE EXCHANGE AND (2) SCHWAB VIOLATED EXCHANGE RULE 4.2 IN THAT SCHWAB FAILED TO ADEQUATELY SUPERVISE ITS ASSOCIATED PERSONS TO ASSURE COMPLIANCE WITH EXCHANGE RULE 9.21(C) IN THAT THE SALES LITERATURE WAS DISSEMINATED PRIOR TO INCORPORATING THE REQUIRED CHANGES SPECIFIED BY THE EXCHANGE.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

Date Initiated: 03/25/2013

Docket/Case Number: FILE NO. 13-0021

Principal Product Type: No Product



Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	\$10,000 FINE AND AN UNDERTAKING TO ENHANCE WRITTEN SUPERVISORY PROCEDURES.
Resolution:	Settled
Resolution Date:	05/29/2013
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	\$10,000 FINE AND AN UNDERTAKING TO ENHANCE WRITTEN SUPERVISORY PROCEDURES.
Sanction Details:	\$10,000 FINE AND AN UNDERTAKING TO ENHANCE WRITTEN SUPERVISORY PROCEDURES.
Firm Statement	CHARLES SCHWAB & CO., INC., WAS CENSURED AND FINED \$10,000.00 AND SHALL ENHANCE ITS WRITTEN SUPERVISORY PROCEDURES TO REQUIRE REVIEW AND APPROVAL OF THE FINAL DRAFT OF OPTIONS COMMUNICATIONS BY A REGISTERED OPTIONS PRINCIPAL AND TO CONDUCT TRAINING OF ALL EMPLOYEES WHO HAVE RESPONSIBILITIES CONCERNING OPTIONS COMMUNICATIONS REVIEW AND PUBLICATION. THE SUPERVISORY PROCEDURES SHALL BE SUBMITTED TO THE EXCHANGE WITHIN 60 CALENDAR DAYS FROM THE ISSUANCE OF THE DECISION. CHARLES SCHWAB & CO., INC., NEITHER ADMITTED NOR DENIED THE ALLEGED VIOLATIONS.

Disclosure 16 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SCHWAB FAILED TO HAVE ADEQUATE SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH RULE 14E-4 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "ACT") RELATING TO PARTIAL SHORT TENDER ACTIVITY. (EXCHANGE RULE 4.2 - ADHERENCE TO LAW)
Initiated By:	CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated:	01/14/2013
Docket/Case Number:	12-0137
Principal Product Type:	Options



Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 05/29/2013

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: A \$10,000 FINE AND A CENSURE.

Reporting Source: Firm

Current Status: Final

Allegations: THE CBOE ALLEGES THAT FROM APPROXIMATELY NOVEMBER 8, 2011 THROUGH APPROXIMATELY DECEMBER 7, 2011, SCHWAB FAILED TO HAVE ADEQUATE SUPERVISORY PROCEDURES TO ASSURE COMPLIANCE WITH THE SEC RULE 14E-4 RELATING TO PARTIAL SHORT TENDER ACTIVITY.

Initiated By: CHICAGO BOARD OPTIONS EXCHANGE, INC.

Date Initiated: 01/04/2013

Docket/Case Number: FILE NO. 12-0137

Principal Product Type: Options

Other Product Type(s): COMMON STOCK

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 05/29/2013

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered: CENSURE AND FINE OF \$10,000.00



Sanction Details: CENSURE AND FINE OF \$10,000.00

Firm Statement CHARLES SCHWAB & CO., INC. WAS CENSURED AND FINED \$10,000.00. CHARLES SCHWAB & CO., INC. NEITHER ADMITTED NOR DENIED THE ALLEGED VIOLATION.

Disclosure 17 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-14, G-14(B)(II) - CHARLES SCHWAB & CO., INC., DURING TWO QUARTERLY REVIEWS, 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. DURING ANOTHER QUARTERLY REVIEW, THE FIRM FAILED TO REPORT THE CORRECT YIELD TO THE RTRS IN MUNICIPAL SECURITIES TRANSACTION REPORTS.

Initiated By: FINRA

Date Initiated: 07/26/2012

Docket/Case Number: [2010022814901](#)

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: 07/26/2012

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 \$35,000.00

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 \$35,000 FOR MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) RULE VIOLATIONS. FINE PAID IN FULL ON 08/03/2012.

Reporting Source:

Firm

Current Status:

Final

Allegations:

CHARLES SCHWAB & CO., INC. 1) DURING THE 1Q 2010 REVIEW PERIOD FAILED TO REPORT INFORMATION REGARDING 19 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; SPECIFICALLY THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL. 2) DURING THE 2Q 2010 QUARTERLY REVIEW PERIOD, THE FIRM FAILED TO REPORT THE CORRECT YIELD TO THE RTRS IN 206 REPORTS OF MUNICIPAL SECURITIES TRANSACTIONS IN VIOLATION OF MSRB RULE G-14(B)(II). 3) DURING 4Q 2010 REVIEW PERIOD FAILED TO REPORT INFORMATION REGARDING 10 PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL. SPECIFICALLY THE FIRM FAILED TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TRADE TIME TO AN RTRS PORTAL.

Initiated By:

FINRA

Date Initiated:

07/26/2012

Docket/Case Number:

20100228149-01

Principal Product Type:

Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Censure

Other Sanction(s)/Relief Sought:

CENSURE AND FINES

Resolution:

Acceptance, Waiver & Consent(AWC)



Resolution Date: 07/26/2012

Sanctions Ordered: Censure
Monetary/Fine \$35,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM ACCEPTED AND CONSENTED TO THE ENTRY OF THE FINDINGS.

Disclosure 18 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: DURING THE TIME PERIOD OF 2008 THROUGH 2011 SCHWAB DISTRIBUTED CONFIRMATIONS TO CUSTOMERS THAT CONTAINED INACCURATE INFORMATION REGARDING CERTAIN FEATURES AND DESCRIPTIONS OF FIXED INCOME AND PREFERRED EQUITY SECURITIES. THE EXAMINATION FOUND THAT THE INACCURATE INFORMATION AT ISSUE INCLUDED FEATURES AND DESCRIPTIONS INCLUDING THE ISSUER'S CREDIT RATING, CALL FEATURES, SINKING FUND, MATURITY DATES, COUPON RATE, SURVIVOR OPTION AND SCHWAB'S CAPACITY AS A DEALER IN CERTAIN TRANSACTIONS. DEALER IN CERTAIN TRANSACTIONS. THE EXAMINATION FOUND THAT SCHWAB TYPICALLY SENT CUSTOMERS WHO RECEIVED CONFIRMATIONS CONTAINING INACCURATE INFORMATION A CORRECTION LETTER IDENTIFYING THE INCORRECT INFORMATION AND PROVIDING THE CORRECT INFORMATION. IT WAS ALSO DETERMINED THAT DISTRIBUTION OF THE INACCURATE INFORMATION ON CUSTOMER CONFIRMATIONS DURING THE TIME PERIOD IN QUESTION WAS THE RESULT OF DATA PROCESSING ERRORS AND DEFICIENCIES IN SCHWAB'S OPERATIONS.

Initiated By: FLORIDA OFFICE OF FINANCIAL REGULATION, DIVISION OF SECURITIES REGULATION

Date Initiated: 03/26/2012

Docket/Case Number: 0569-S-8/11

URL for Regulatory Action:

Principal Product Type: Other

Other Product Type(s): BONDS/FIXED INCOME/PREFERRED EQUITIES

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



Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 03/26/2012

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: Monetary/Fine \$1,100,000.00
Disgorgement/Restitution

Other Sanctions Ordered: SCHWAB SHALL AMEND AND CORRECT THE DEFICIENCIES IN ITS SUPERVISORY AND OPERATIONAL PROCEDURES IN WHICH SCHWAB REVIEWS THE ACCURACY OF DESCRIPTIVE INFORMATION PERTAINING TO FIXED INCOME AND PREFERRED EQUITY SECURITIES. SCHWAB SHALL PROVIDE THE OFFICE WITH A REPORT DETAILING THE IMPLEMENTATION OF THE REVISED PROCEDURES.

Sanction Details: ADMINISTRATIVE FINE AMOUNT \$1,100,000.00
PAID 03/29/2012

Regulator Statement ON JUNE 18, 2013, SCHWAB INFORMED THE OFFICE THAT DUE TO CIRCUMSTANCES BEYOND ITS CONTROL SCHWAB WAS NOT GOING TO MEET THE DEADLINE OF JUNE 30, 2013. SCHWAB ACCOMPANIED THIS NOTICE WITH A PETITION FOR RELIEF FROM FINAL ORDER. SCHWAB SUPPORTED ITS PETITION WITH A CONFIDENTIAL AFFIDAVIT DISCLOSING TRADE SECRETS IN ORDER TO EXPLAIN SCHWAB'S ACTION PLAN IN RESPONSE TO UNAVOIDABLE DELAY AND REQUESTING AN EXTENSION UNTIL OCTOBER 28, 2013, WITHIN WHICH TO SATISFY ITS OBLIGATIONS UNDER THE ORDER.

ON REVIEW OF THE MATERIALS SUBMITTED IN SUPPORT OF THE REQUESTED EXTENSION, THE OFFICE HAS FOUND THAT SCHWAB HAS ACTED IN GOOD FAITH, HAS OTHERWISE TIMELY COMPLIED WITH ALL ITS OBLIGATIONS UNDER THE ORDER AND HAS TIMELY REQUESTED A MODIFICATION REASONABLY REQUIRED TO ACCOMPLISH ITS REMAINING OBLIGATIONS. ACCORDINGLY, THE OFFICE AND RESPONDENT EXECUTE THIS MODIFICATION OF STIPULATION AND CONSENT AGREEMENT FOR ISSUANCE OF THE FINAL ORDER.

Reporting Source: Firm



Current Status: Final

Allegations: THE STATE OF FLORIDA ALLEGES THAT SCHWAB DISTRIBUTED CONFIRMATIONS TO FLORIDA CUSTOMERS THAT CONTAINED INACCURATE INFORMATION REGARDING MUNICIPAL BONDS, CORPORATE BONDS AND PREFERRED EQUITY SECURITIES ON CERTAIN OCCASIONS DURING THE TIME PERIOD 2008 TO 2011 IN VIOLATION OF RULE 69W-600.013(1)(H)(5) AND 69W-600.012(1) OF THE FLORIDA ADMINISTRATIVE CODE. THE STATE OF FLORIDA ALSO ALLEGES SCHWAB FAILED TO HAVE ADEQUATE WRITTEN SUPERVISORY PROCEDURES REGARDING REVIEW OF DESCRIPTIVE INFORMATION FOR FIXED INCOME AND PREFERRED EQUITY SECURITIES ON CONFIRMATIONS IN VIOLATION OF RULES 69W-600.013(1)(H)(1) AND 600.013 (1)(H)(5).

Initiated By: STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION

Date Initiated: 03/22/2012

Docket/Case Number: 0569-S8/11

Principal Product Type: Debt - Municipal

Other Product Type(s): DEBT - CORPORATE EQUITY LISTED (COMMON & PREFERRED STOCK)

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: ADMINISTRATIVE PROCEEDING; ADMINISTRATIVE FINE.

Resolution: Stipulation and Consent

Resolution Date: 03/26/2012

Sanctions Ordered: Monetary/Fine \$1,100,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: 1 - AMEND AND CORRECT THE DEFICIENCIES IN ITS SUPERVISORY PROCEDURES FOR REVIEWING ACCURACY OF DESCRIPTIVE INFORMATION PERTAINING TO FIXED INCOME AND PREFERRED EQUITY SECURITIES.
2 - WITHIN 30 DAYS OFFER RESCISSION TO FLORIDA CUSTOMERS WHO RECEIVED CONFIRMATIONS CONTAINING INACCURATE INFORMATION WITH RESPECT TO 69 SPECIFIC TRANSACTIONS.

Firm Statement ON JUNE 18, 2013, SCHWAB INFORMED THE OFFICE THAT DUE TO CIRCUMSTANCES BEYOND ITS CONTROL SCHWAB WAS NOT GOING TO MEET THE DEADLINE OF JUNE 30, 2013. SCHWAB ACCOMPANIED THIS



NOTICE WITH A PETITION FOR RELIEF FROM FINAL ORDER. SCHWAB SUPPORTED ITS PETITION WITH A CONFIDENTIAL AFFIDAVIT DISCLOSING TRADE SECRETS IN ORDER TO EXPLAIN SCHWAB'S ACTION PLAN IN RESPONSE TO UNAVOIDABLE DELAY AND REQUESTING AN EXTENSION UNTIL OCTOBER 28, 2013, WITHIN WHICH TO SATISFY ITS OBLIGATIONS UNDER THE ORDER. ON REVIEW OF THE MATERIALS SUBMITTED IN SUPPORT OF THE REQUESTED EXTENSION, THE OFFICE HAS FOUND THAT SCHWAB HAS ACTED IN GOOD FAITH, HAS OTHERWISE TIMELY COMPLIED WITH ALL ITS OBLIGATIONS UNDER THE ORDER AND HAS TIMELY REQUESTED A MODIFICATION REASONABLY REQUIRED TO ACCOMPLISH ITS REMAINING OBLIGATIONS. ACCORDINGLY, THE OFFICE AND RESPONDENT EXECUTE THIS MODIFICATION OF STIPULATION AND CONSENT AGREEMENT FOR ISSUANCE OF THE FINAL ORDER.

Disclosure 19 of 56

Reporting Source: Regulator

Current Status: Final

Appealed To and Date Appeal Filed: NAC - FEBRUARY 26, 2013

Allegations: FINRA RULES 2010, 2268(D)(1), 2268(D)(3), NASD RULES 3110(F)(4)(A), 3110(F)(4)(C): IN OCTOBER 2011, THE FIRM AMENDED ITS CUSTOMER ACCOUNT AGREEMENT TO INCLUDE A WAIVER OF CLASS ACTION OR REPRESENTATIVE ACTION PROVISION (THE CLASS ACTION WAIVER). THE CLASS ACTION WAIVER WAS A PART OF THE FIRM'S PREDISPUTE ARBITRATION AGREEMENT AND WAS SENT TO ALMOST SEVEN MILLION FIRM CUSTOMERS. THE FIRM HAS PLACED LANGUAGE, AND CONTINUES TO PLACE LANGUAGE, IN ITS PREDISPUTE ARBITRATION AGREEMENTS PROVIDING THAT CUSTOMERS WAIVE THEIR RIGHTS TO FILE OR PARTICIPATE IN CLASS ACTIONS AGAINST THE FIRM IN COURT, REQUIRES CUSTOMERS TO WAIVE THE RIGHT TO BRING OR PARTICIPATE IN ANY MANNER IN CLASS ACTIONS AGAINST THE FIRM, AND PURPORTS TO LIMIT THE ABILITY OF ARBITRATORS TO CONSOLIDATE CLAIMS OF MORE THAN ONE PARTY. THE CLASS ACTION WAIVER CONTAINED TWO PROVISIONS THAT VIOLATE NASD AND FINRA RULES. FIRST, THE CLASS ACTION WAIVER IMPROPERLY INCLUDED LANGUAGE REQUIRING CUSTOMERS TO WAIVE THEIR RIGHT TO BRING OR PARTICIPATE IN CLASS ACTIONS AGAINST THE FIRM. SECOND, THE CLASS ACTION WAIVER IMPROPERLY INCLUDED LANGUAGE REQUIRING CUSTOMERS TO AGREE THAT ARBITRATORS HAVE NO AUTHORITY TO CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS. UNDER THE TERMS OF THE ACCOUNT AGREEMENT, THE AMENDMENTS WERE EFFECTIVE UPON NOTIFICATION TO CUSTOMERS. THE CLASS ACTION WAIVER WAS ALSO INCLUDED IN ACCOUNT



AGREEMENTS FOR NEW ACCOUNTS OPENED BY THE FIRM ON OR AFTER OCTOBER 1, 2011. MOREOVER, THE FIRM CONTINUES TO PROVIDE COPIES OF THE CLASS ACTION WAIVER TO ALL CUSTOMERS WHO OPENED NEW ACCOUNTS WITH THE FIRM. SINCE OCTOBER 1, 2011, THE CLASS ACTION WAIVER HAS BEEN INCLUDED IN ACCOUNT AGREEMENTS FOR TENS OF THOUSANDS OF NEW FIRM CUSTOMERS. THE FINRA CODE OF ARBITRATION PROCEDURE MAKES CLEAR THAT CLASS ACTIONS ARE PERMITTED UNDER THE RULES OF FINRA ARBITRATION. THE LANGUAGE IN THE FIRM'S PREDISPUTE ARBITRATION AGREEMENTS IS CONTRARY TO THE PROVISIONS OF THE CODE OF ARBITRATION PROCEDURE. THUS, UNDER THE CODE OF ARBITRATION PROCEDURE, CUSTOMERS CAN BRING AND PARTICIPATE IN CLASS ACTIONS IN THE MANNER SET OUT IN RULE 12204. THE FIRM'S CLASS ACTION WAIVER LIMITS AND CONTRADICTS THE PROVISIONS OF RULE 12204 BY REQUIRING CUSTOMERS TO WAIVE THE RIGHT TO BRING OR PARTICIPATE IN ANY MANNER IN ANY ASPECT OF A CLASS ACTION AGAINST THE FIRM. THE LANGUAGE IS ALSO CONTRARY TO RULE 12312(B) OF THE FINRA CODE OF ARBITRATION PROCEDURE. RULE 12312(B) THUS PROVIDES THAT ARBITRATORS HAVE THE AUTHORITY TO CONSOLIDATE CLAIMS. THE FIRM'S CLASS ACTION WAIVER CONTRADICTS THAT RULE BY PROVIDING THAT PARTIES AGREE THAT ARBITRATORS HAVE NO SUCH AUTHORITY. [CONTINUED IN COMMENT]

Initiated By: FINRA

Date Initiated: 02/01/2012

Docket/Case Number: [2011029760201](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 04/24/2014

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:****Other Sanctions Ordered:****Sanction Details:**

HEARING PANEL DECISION RENDERED FEBRUARY 21, 2013 WHEREIN THE FIRST TWO CAUSES WERE DISMISSED. THE CAUSES CHARGED THAT THE FIRM VIOLATED FINRA RULES 2268(D)(1) AND (D)(3) AND NASD RULES 3110(F)(4)(A) AND (4)(C) WHICH OPERATE TO PRESERVE JUDICIAL CLASS ACTIONS AS AN ALTERNATIVE TO ARBITRATION, EVEN WHEN THERE IS A PRE-DISPUTE ARBITRATION AGREEMENT BETWEEN A FINRA MEMBER FIRM AND ITS CUSTOMER. THE HEARING PANEL CONCLUDED THAT THE FIRM'S NEW LANGUAGE CONFLICTS WITH AND VIOLATES THESE RULES AND CANNOT BE ENFORCED. ENFORCEMENT IS FORECLOSED BY THE FEDERAL ARBITRATION ACT AND OTHER DECISIONS WHICH HOLD THAT ADJUDICATORS MUST ENFORCE AGREEMENTS TO GO TO ARBITRATION AND REJECT ANY PUBLIC POLICY EXCEPTION THAT DISFAVORS ARBITRATION. FOR VIOLATIONS IN THE THIRD CAUSE (FINRA RULES 2010, 2268(D)(1), NASD RULE 3110(F)(4)(A)), THE FIRM IS ORDERED TO TAKE CORRECTIVE ACTION WHICH INCLUDES REMOVING THE VIOLATIVE LANGUAGE FROM CUSTOMER AGREEMENTS AND SENDING PROMPTLY TO CUSTOMERS WHOSE AGREEMENTS WERE CREATED OR AMENDED WITH THE VIOLATIVE LANGUAGE NOTICE INDICATING THAT THE PRIOR LIMITATION ON THE POWERS OF FINRA ARBITRATORS IS NOT EFFECTIVE. THE NOTICE SHOULD REITERATE THAT THE FIRM AGREES TO ARBITRATION IN ACCORD WITH FINRA ARBITRATION RULES. THE FIRM IS ORDERED TO PAY A FINE OF \$500,000 AND HEARING COSTS OF \$1,318.25. THE FINRA APPEALED THE HEARING PANEL'S DISMISSAL OF THE FIRST AND SECOND CAUSES OF THE ACTION TO THE NAC ON FEBRUARY 26, 2013. THE BOARD OF GOVERNORS ISSUED A DECISION ON APRIL 24, 2014, FINDING THAT THE CLASS ACTION WAIVER VIOLATED NASD RULES AND FOUND THAT THE ANTI-CONSOLIDATION WAIVER VIOLATED NASD RULE. THE BOARD REMANDED THE MATTER TO DETERMINE SANCTIONS. ALSO, ON APRIL 24, 2014, THE BOARD ACCEPTED AN AWC FROM THE FIRM ACKNOWLEDGING THE FINDINGS IN THE DECISION, IMPOSING A \$500,000 FINE, AND REQUIRING IT TO NOTIFY CUSTOMERS OF THE WITHDRAWAL OF THE WAIVER. THE BOARD ALSO AFFIRMS THE ORDER THAT THE FIRM PAY \$1,318.25 IN HEARING COSTS. RELATED CASE 2011029760202.

Regulator Statement

ALLEGATIONS CONTINUED: THE FIRM'S VIOLATIVE CONDUCT IS ONGOING. THE FIRM CONTINUES TO PROVIDE NEW CUSTOMERS WITH ACCOUNT AGREEMENTS THAT CONTAIN THE VIOLATIVE LANGUAGE DESCRIBED IN THIS COMPLAINT, AND THE FIRM HAS DONE NOTHING TO WITHDRAW OR MODIFY THE ACCOUNT AGREEMENTS WITH THAT LANGUAGE THAT IT HAS ALREADY PROVIDED TO ALMOST SEVEN MILLION CUSTOMERS. THE CLASS ACTION WAIVER WILL LIKELY LEAD MILLIONS OF FIRM CUSTOMERS WHO HAVE RECEIVED THE ACCOUNT AGREEMENTS TO INCORRECTLY BELIEVE THAT THEY DO NOT HAVE THE ABILITY TO BRING OR PARTICIPATE



IN CLASS ACTIONS AGAINST THE FIRM, OR TO SEEK CONSOLIDATION OF THEIR CLAIMS BY AN ARBITRATION PANEL. TO ADDRESS THESE WIDESPREAD AND ONGOING VIOLATIONS IN AN EFFECTIVE AND TIMELY MANNER, THE DEPARTMENT OF ENFORCEMENT REQUESTS AN EXPEDITED HEARING IN THIS MATTER.

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>THE FIRST TWO CAUSES OF ACTION IN THE DISCIPLINARY PROCEEDING AGAINST CHARLES SCHWAB & CO. INC., CHARGE THAT NEW PROVISIONS IN SCHWAB'S CUSTOMER AGREEMENTS BY WHICH A CUSTOMER WAIVES ANY ABILITY TO ASSERT A CLAIM BY MEANS OF A JUDICIAL CLASS ACTION CONFLICT WITH AND VIOLATE FINRA RULES 2268(D)(1) AND (D)(3) AND NASD RULES 3110(F)(4)(A) AND (4)(C).</p> <p>THE THIRD CAUSE OF ACTION CHARGES THAT OTHER NEW LANGUAGE IS SCHWAB'S CUSTOMER AGREEMENTS REQUIRING CUSTOMERS TO AGREE THAT ARBITRATORS HAVE NO POWER TO CONSOLIDATE MORE THAN ONE PARTY'S CLAIMS IN ARBITRATION VIOLATES FINRA RULE 2268(D)(1) AND NASD RULE 3110(F)(4)(A) BY ATTEMPTING TO 'LIMIT' AND 'CONTRADICT' FINRA ARBITRATION RULE 12312.</p> <p>IN EACH CAUSE OF ACTION, FINRA ENFORCEMENT ALSO ALLEGED THAT, BY VIRTUE OF THE NOTED ALLEGED RULE VIOLATIONS, SCHWAB ALSO VIOLATED FINRA RULE 2010.</p>
Initiated By:	FINRA
Date Initiated:	02/01/2012
Docket/Case Number:	2011029760201
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	04/24/2014
Sanctions Ordered:	

**Other Sanctions Ordered:**

HEARING PANEL DECISION RENDERED FEBRUARY 21, 2013 WHEREIN THE FIRST TWO CAUSES WERE DISMISSED. THE CAUSES CHARGED THAT THE FIRM VIOLATED FINRA RULES 2268(D)(1) AND (D)(3) AND NASD RULES 3110(F)(4)(A) AND (4)(C) WHICH OPERATE TO PRESERVE JUDICIAL CLASS ACTIONS AS AN ALTERNATIVE TO ARBITRATION, EVEN WHEN THERE IS A PRE-DISPUTE ARBITRATION AGREEMENT BETWEEN A FINRA MEMBER FIRM AND ITS CUSTOMER. THE HEARING PANEL CONCLUDED THAT THE FIRM'S NEW LANGUAGE CONFLICTS WITH AND VIOLATES THESE RULES AND CANNOT BE ENFORCED. ENFORCEMENT IS FORECLOSED BY THE FEDERAL ARBITRATION ACT AND OTHER DECISIONS WHICH HOLD THAT ADJUDICATORS MUST ENFORCE AGREEMENTS TO GO TO ARBITRATION AND REJECT ANY PUBLIC POLICY EXCEPTION THAT DISFAVORS ARBITRATION. FOR VIOLATIONS IN THE THIRD CAUSE (FINRA RULES 2010, 2268(D)(1), NASD RULE 3110(F)(4)(A)), THE FIRM IS ORDERED TO TAKE CORRECTIVE ACTION WHICH INCLUDES REMOVING THE VIOLATIVE LANGUAGE FROM CUSTOMER AGREEMENTS AND SENDING PROMPTLY TO CUSTOMERS WHOSE AGREEMENTS WERE CREATED OR AMENDED WITH THE VIOLATIVE LANGUAGE NOTICE INDICATING THAT THE PRIOR LIMITATION ON THE POWERS OF FINRA ARBITRATORS IS NOT EFFECTIVE. THE NOTICE SHOULD REITERATE THAT THE FIRM AGREES TO ARBITRATION IN ACCORD WITH FINRA ARBITRATION RULES. THE FIRM IS ORDERED TO PAY A FINE OF \$500,000 AND HEARING COSTS OF \$1,318.25. THE FINRA APPEALED THE HEARING PANEL'S DISMISSAL OF THE FIRST AND SECOND CAUSES OF THE ACTION TO THE NAC ON FEBRUARY 26, 2013. THE BOARD OF GOVERNORS ISSUED A DECISION ON APRIL 24, 2014, FINDING THAT THE CLASS ACTION WAIVER VIOLATED NASD RULES AND FOUND THAT THE ANTI-CONSOLIDATION WAIVER VIOLATED NASD RULE. THE BOARD REMANDED THE MATTER TO DETERMINE SANCTIONS. ALSO, ON APRIL 24, 2014, THE BOARD ACCEPTED AN AWC FROM THE FIRM ACKNOWLEDGING THE FINDINGS IN THE DECISION, IMPOSING A \$500,000 FINE, AND REQUIRING IT TO NOTIFY CUSTOMERS OF THE WITHDRAWAL OF THE WAIVER. THE BOARD ALSO AFFIRMS THE ORDER THAT THE FIRM PAY \$1,318.25 IN HEARING COSTS. RELATED CASE 2011029760202.

Sanction Details:

SEE ABOVE.

Disclosure 20 of 56**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

PURSUANT TO CHARLES SCHWAB & CO., INC.'S POLICIES AND PROCEDURES, WHEN IT SET UP THE INITIAL ACCOUNTS FOR GREGORY ARSENY YANKOVSKY, IT SHOULD HAVE DETERMINED WHETHER MR. YANKOVSKY WAS ACTING AS AN INVESTMENT ADVISER. SCHWAB'S



PROCEDURES FAILED TO DETECT YANKOVSKY'S LACK OF REGISTRATION DURING THE COURSE OF YANKOVSKY'S MANAGEMENT OF CERTAIN ACCOUNTS.

Initiated By: NEVADA
Date Initiated: 07/09/2010
Docket/Case Number: I10-232
URL for Regulatory Action:
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 11/02/2011
Sanctions Ordered: Monetary/Fine \$10,000.00
Other Sanctions Ordered:
Sanction Details: PENALTY PAID AS OF NOVEMBER 2, 2011.
Regulator Statement ON OR ABOUT JULY 9, 2010 SCHWAB REPORTED THAT IT COULD NOT FIND A RECORD OF MR. YANKOVSKY'S LICENSE AS AN INVESTMENT ADVISER IN NEVADA. THE COST OF INVESTIGATION, \$ 615.00, HAS ALSO BEEN PAID BY SCHWAB.

Reporting Source: Firm
Current Status: Final
Allegations: ALLEGATION THAT SCHWAB'S PROCEDURES FAILED TO DETECT THE LACK OF INVESTMENT ADVISER REGISTRATION FOR A NON-SCHWAB EMPLOYEE WHO WAS NOT LICENSED IN NEVADA BUT ACTING AS AN INVESTMENT ADVISER WHILE MANAGING CERTAIN ACCOUNTS IN VIOLATION OF NEVADA ADMINISTRATIVE CODE CHAPTER 90.3210.

Initiated By: NEVADA
Date Initiated: 11/02/2011
Docket/Case Number: I10-232



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: \$10,000.00 PENALTY; \$615 INSPECTION OF RECORDS FEES.

Resolution: Consent

Resolution Date: 11/02/2011

Sanctions Ordered: Monetary/Fine \$10,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: PENALTY PAID AS OF NOVEMBER 2, 2011.

Disclosure 21 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-14, G-14(B)(II) - CHARLES SCHWAB & CO., 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 MSRB 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 REPORT THE CORRECT EXECUTION TIME TO THE RTRS FOR SOME OF THESE TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 06/17/2011

Docket/Case Number: [2009018114601](#)

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: 06/17/2011

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 \$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 VIOLATION OF MSRB RULES G-14 AND G-14(B)(II).

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULES G-14, G-14(B)(II) - CHARLES SCHWAB & CO., 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 MSRB 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 REPORT THE CORRECT EXECUTION TIME TO THE RTRS FOR SOME OF THESE TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 06/17/2011

Docket/Case Number: [2009018114601](#)

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: 06/17/2011

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. THE FIRM IS FINED \$12,500.00 FOR VIOLATION OF MSRB RULES G-14 AND G-14(B)(II).

Disclosure 22 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: ON JANUARY 31, 2011, THE CONNECTICUT BANKING COMMISSIONER ENTERED A CONSENT ORDER (DOCKET NO. CO-10-7548-S) WITH RESPECT TO CHARLES SCHWAB & CO., INC., A CONNECTICUT-REGISTERED BROKER-DEALER, AND CHARLES SCHWAB INVESTMENT MANAGEMENT, INC., AN INVESTMENT ADVISER REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE CONSENT ORDER ALLEGED THAT, IN CONNECTION WITH THE MARKETING AND SALE OF THE SCHWAB YIELDPLUS FUND, CHARLES SCHWAB & CO., INC. FAILED TO EXERCISE ADEQUATE SUPERVISORY CONTROLS BY PERMITTING ITS REPRESENTATIVES TO INACCURATELY CHARACTERIZE THE FUND'S RISKS AND MAKE REPRESENTATIONS INCONSISTENT WITH THE FUND'S PROSPECTUS. THE CONSENT ORDER ALSO ALLEGED THAT CHARLES SCHWAB INVESTMENT MANAGEMENT, INC., MANAGER OF THE FUND, CHANGED THE FUND'S CONCENTRATION POLICY FOR NON-AGENCY MORTGAGE-BACKED SECURITIES WITHOUT A SHAREHOLDER VOTE.

Initiated By: CONNECTICUT

Date Initiated: 01/31/2011

Docket/Case Number: CO-10-7548-S

URL for Regulatory Action:

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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


Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 01/31/2011

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: Monetary/Fine \$300,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: THE CONSENT ORDER DIRECTED THE RESPONDENTS TO CEASE AND DESIST FROM REGULATORY VIOLATIONS AND TO PAY \$300,000 TO THE DEPARTMENT. THE CONSENT ORDER ALSO REQUIRED THAT THE RESPONDENTS PROVIDE UP TO \$2.5 MILLION IN COMPENSATION TO THOSE CONNECTICUT INVESTORS WHO INVESTED IN THE FUND BETWEEN MAY 31, 2006 AND MARCH 17, 2008, WITH THE FIRST PAYMENT BEING MADE BY JUNE 30, 2011. INVESTORS WHO SOLD THEIR FUND SHARES AFTER MARCH 17, 2008 WOULD BE DEEMED TO HAVE SOLD AS OF MARCH 17, 2008. IN ADDITION, THE CONSENT ORDER PROVIDED FOR AN EXPEDITED ARBITRATION PROCEDURE, TO BE HELD IN CONNECTICUT, FOR THOSE CONNECTICUT INVESTORS WHO 1) BOUGHT FUND SHARES PRIOR TO NOVEMBER 15, 2006; 2) MAINTAINED THEIR HOLDINGS AT ANY TIME FROM MAY 31, 2006 THROUGH THE PRESENT; 3) ELECTED TO INITIATE AN ARBITRATION CLAIM AFTER JANUARY 31, 2011 AND HAD NOT PREVIOUSLY PURSUED ARBITRATION OR LITIGATION AGAINST THE RESPONDENTS WITH RESPECT TO THE FUND, OR SETTLED WITH ANY OF THE RESPONDENTS; AND 4) WERE NOT MEMBERS OF THE STATE OR FEDERAL CLASSES IN THE YIELDPLUS SECURITIES CLASS ACTION LITIGATION (NO. 08-CV-01510 WHA) WITH RESPECT TO THE SHARES AT ISSUE IN THE EXPEDITED ARBITRATION.

Sanction Details: SEE RESPONSE TO ITEM 13.B. ABOVE.

Reporting Source: Firm

Current Status: Final

Allegations: A CONSENT ORDER BETWEEN CHARLES SCHWAB & CO., INC. (CSCO), CHARLES SCHWAB INVESTMENT MANAGEMENT INC. (CSIM) AND THE STATE OF CONNECTICUT WAS ENTERED ON 1/31/11. IN THE ORDER, CSCO ACKNOWLEDGED, WITHOUT ADMITTING OR DENYING THE TRUTH



THEREOF, ALLEGATIONS THAT WERE ADOPTED AS FINDINGS BY THE STATE OF CT. THE FINDINGS WERE THAT IN THE COURSE OF MARKETING AND SELLING THE YIELDPLUS MUTUAL FUND (THE "FUND") IN THE STATE OF CT, THE FIRM FAILED TO CONDUCT BUSINESS IN ACCORDANCE WITH THE CT UNIFORM SECURITIES ACT (THE "ACT"). SPECIFICALLY, ADVERTISEMENTS DESCRIBED THE FUND AS AN ALTERNATIVE TO MONEY MARKET FUNDS, WITH ONLY A "SLIGHTLY HIGHER RISK." SIMILARLY, SCHWAB'S REGISTERED REPRESENTATIVES INFORMED CUSTOMERS THAT YIELDPLUS WAS AN ALTERNATIVE TO MONEY MARKET FUNDS AND CDS. IN ADDITION, THE FUND WAS MARKETED AS AN ULTRA-SHORT BOND FUND, BUT THE PROSPECTUS HAD BEEN REVISED TO REMOVE MATURITY LIMITATIONS. ALSO, AN AFFILIATE OF THE FIRM, CSIM, CONCENTRATED THE FUND'S ASSETS IN NON-AGENCY MORTGAGED BACKED SECURITIES WITHOUT SHAREHOLDER VOTE AND THE PERCENTAGES OF THOSE SECURITIES INCREASED THE RISKS IN OWNING THE FUND IN WAYS THAT WERE NOT REFLECTED IN THE MARKETING MATERIALS. THE FINDINGS STATED THAT IN THE COURSE OF SELLING AND MARKETING THE FUND, CSCO FAILED TO REASONABLY SUPERVISE ITS AGENTS AND FAILED TO MAINTAIN AND ENFORCE WRITTEN PROCEDURES DESIGNED TO ACHIEVE COMPLIANCE WITH PROVISIONS OF THE ACT. ADDITIONALLY, CSIM ALSO FAILED TO ACT IN ACCORDANCE WITH THE PROVISIONS OF THE ACT IN THE COURSE OF MANAGING THE FUNDS INVESTMENTS.

Initiated By: STATE OF CONNECTICUT

Date Initiated: 01/31/2011

Docket/Case Number: CO-10-7548-S

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 01/31/2011

Sanctions Ordered: Monetary/Fine \$300,000.00
Cease and Desist/Injunction

Other Sanctions Ordered: - CSCO AND CSIM SHALL COMPENSATE CONNECTICUT INVESTORS THAT INVESTED IN THE FUND BETWEEN MAY 31, 2006 AND MARCH 17, 2008, ("ELIGIBLE INVESTORS") IN AN AMOUNT NOT TO EXCEED \$2,500,000.
- CSCO AND CSIM SHALL OFFER TO CONNECTICUT INVESTORS WHO FILE



AN ARBITRATION CLAIM AFTER ENTRY OF THE CONSENT ORDER THE OPTION TO PARTICIPATE IN AN EXPEDITED ARBITRATION IF THE CONNECTICUT INVESTOR MEETS CERTAIN CRITERIA

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CSCO & CSIM ENTERED INTO A CONSENT ORDER WITH CT: 1)CSCO AND CSIM SHALL CEASE AND DESIST FROM ENGAGING IN CONDUCT CONSTITUTING OR WHICH WOULD CONSTITUTE A VIOLATION OF THE ACT OR ANY REGULATION, RULE OR ORDER ADOPTED OR ISSUED UNDER THE ACT, INCLUDING BUT NOT LIMITED TO, FAILING TO REASONABLY SUPERVISE ITS AGENTS AND FAILING TO MAINTAIN AND ENFORCE WRITTEN PROCEDURES THAT ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS; 2)PAY \$300,000 TO THE STATE OF CT DEPARTMENT OF BANKING; 3)CSCO AND CSIM SHALL COMPENSATE CT INVESTORS THAT INVESTED IN THE FUND BETWEEN 5/31/06 AND 3/17/08,IN AN AMOUNT NOT TO EXCEED \$2,500,000. INVESTORS WHO SOLD AFTER 3/17/08 WILL BE DEEMED TO HAVE SOLD AS OF 3/17/08.THE FIRST PAYMENT SHALL BE PAID NO LATER THAN 6/30/11.THE REMAINDER, IF ANY, WILL BE MADE NO LATER THAN 30 DAYS AFTER THE FINAL DISTRIBUTION MADE BY THE SEC FAIR FUND; 4)CSCO AND CSIM SHALL OFFER TO CT INVESTORS WHO FILE AN ARBITRATION CLAIM AFTER ENTRY OF THIS ORDER THE OPTION TO PARTICIPATE IN AN EXPEDITED ARBITRATION IF THE CT INVESTOR MEETS CERTAIN CRITERIA: (A) CLAIMS LOSSES ON HOLDINGS OF THE FUND PURCHASED PRIOR TO 11/15/06 (B) MAINTAINED THOSE HOLDINGS AT ANY TIME DURING THE PERIOD OF 5/31/06 THROUGH THE PRESENT; AND (C) (I) HAS NOT BROUGHT OR DOES NOT CURRENTLY MAINTAIN AN ARBITRATION OR LITIGATION CLAIM AGAINST THE RESPONDENTS IN CONNECTION WITH YIELDPLUS; OR (II) HAS NOT ENTERED INTO A SETTLEMENT WITH ANY OF THE RESPONDENTS, OR (III) IS NOT A MEMBER OF THE STATE OR FEDERAL CLASSES IN THE YIELDPLUS SECURITIES CLASS ACTION LITIGATION NO.08-CV-01510 WHA WITH RESPECT TO THE SHARES AT ISSUE IN THE EXPEDITED ARBITRATION. IF THE CONNECTICUT INVESTORS HOLD SOME SHARES THAT ARE SUBJECT TO THE CLASS ACTION LITIGATION SETTLEMENTS, AND SOME SHARES THAT ARE NOT, THOSE SHARES THAT ARE SUBJECT TO THE CLASS ACTION WILL NOT BE ELIGIBLE FOR ARBITRATION UNDER THIS SECTION.

Disclosure 23 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT CHARLES SCHWAB & CO., INC. WAS SUBJECT TO SANCTIONS UNDER SECTIONS 8.E(1)(E)(I) AND 8.E(1)(E)(IV) OF THE



ILLINOIS SECURITIES LAW OF 1953 BECAUSE IT FAILED TO REASONABLY SUPERVISE THE SECURITIES ACTIVITIES OF ITS SALESPERSONS OR OTHER EMPLOYEES IN CONNECTION WITH THE SCHWAB YIELDPLUS FUND. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT CHARLES SCHWAB & CO., INC. CONSENTED TO THE RESOLUTION OF THIS CASE.

FURTHER, RESPONDENT CHARLES SCHWAB INVESTMENT MANAGEMENT, INC. WAS SUBJECT TO SANCTIONS UNDER SECTION 8.E(1)(F) OF THE ILLINOIS SECURITIES LAW OF 1953 BECAUSE IT FAILED TO REASONABLY SUPERVISE THE ADVISORY ACTIVITIES OF ANY OF ITS EMPLOYEES IN CONNECTION WITH THE SCHWAB YIELDPLUS FUND. WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT CHARLES SCHWAB INVESTMENT MANAGEMENT, INC. CONSENTED TO THE RESOLUTION OF THIS CASE.

Initiated By: ILLINOIS

Date Initiated: 01/10/2011

Docket/Case Number: 0800574

URL for Regulatory Action:

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 01/11/2011

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: Monetary/Fine \$7,867,364.00

Other Sanctions Ordered: \$700,000.00) MUST BE PAID BY 01/21/11

Sanction Details: RESPONDENTS CHARLES SCHWAB & CO., INC. AND CHARLES SCHWAB INVESTMENT MANAGEMENT, INC. ARE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS SET FORTH IN THE ILLINOIS SECURITIES



DEPARTMENT'S CONSENT ORDER. FOR MORE INFORMATION, CONTACT ENFORCEMENT ATTORNEY BERNADETTE COLE OR ENFORCEMENT ATTORNEY JAMES GLEFFE AT (312) 793-3384.

Reporting Source: Firm

Current Status: Final

Allegations: A CONSENT ORDER BETWEEN THE FIRM AND THE STATE OF ILLINOIS WAS ENTERED ON JANUARY 11, 2011 (THE "ORDER"). IN THE ORDER, THE FIRM ACKNOWLEDGED, WITHOUT ADMITTING OR DENYING THE TRUTH THEREOF, ALLEGATIONS THAT WERE ADOPTED AS FINDINGS BY THE STATE OF ILLINOIS. THE FINDINGS WERE THAT IN THE COURSE OF MARKETING AND SELLING THE YIELDPLUS MUTUAL FUND (THE "FUND") IN THE STATE OF ILLINOIS, THE FIRM FAILED TO CONDUCT BUSINESS IN ACCORDANCE WITH THE PROVISIONS OF THE ILLINOIS SECURITIES LAW OF 1953 (THE "ACT"). SPECIFICALLY, ADVERTISEMENTS DESCRIBED THE FUND AS AN ALTERNATIVE TO MONEY MARKET FUNDS AND CERTIFICATES OF DEPOSIT ("CDS"), WITH ONLY A "SLIGHTLY HIGHER RISK." SIMILARLY, SCHWAB'S REGISTERED REPRESENTATIVES INFORMED CUSTOMERS THAT YIELDPLUS WAS AN ALTERNATIVE TO MONEY MARKET FUNDS AND CDS. IN ADDITION, THE FUND WAS MARKETED AS AN ULTRA-SHORT BOND FUND, BUT THE PROSPECTUS HAD BEEN REVISED TO REMOVE MATURITY LIMITATIONS. ALSO, AN AFFILIATE OF THE FIRM, CHARLES SCHWAB INVESTMENT MANAGEMENT ("CSIM"), CONCENTRATED THE FUND'S ASSETS IN NON-AGENCY MORTGAGE BACKED SECURITIES WITHOUT A SHAREHOLDER VOTE AND THE PERCENTAGES OF THOSE SECURITIES INCREASED THE RISKS IN OWNING THE FUND IN WAYS THAT WERE NOT REFLECTED IN THE MARKETING MATERIALS. THE FINDINGS STATED THAT THE FIRM FAILED TO ADEQUATELY SUPERVISE THE SALES AND MARKETING OF YIELDPLUS, IN VIOLATION OF SECTION 8.E(1)(E)(I) AND (IV) OF THE ACT. IN ADDITION, CSIM CONSENTED TO A FINDING THAT IT FAILED REASONABLY TO SUPERVISE THE ADVISORY ACTIVITIES OF ITS EMPLOYEES, IN VIOLATION OF SECTION 8.E(1)(F) OF THE ACT.

Initiated By: STATE OF ILLINOIS

Date Initiated: 01/11/2011

Docket/Case Number: 0800574

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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



Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 01/11/2011

Sanctions Ordered: Monetary/Fine \$7,867,364.00

Other Sanctions Ordered: \$700,000 PAID TO THE ILLINOIS SECRETARY OF STATE, INVESTOR EDUCATION FUND.

OFFER TO ILLINOIS INVESTORS WHO FILE AN ARBITRATION CLAIM AFTER ENTRY OF THE CONSENT ORDER THE OPTION TO PARTICIPATE IN AN EXPEDITED ARBITRATION IF THE INVESTOR MEETS CERTAIN CRITERIA.

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CHARLES SCHWAB & CO., INC. WAS SUBJECT TO SANCTIONS PURSUANT TO SECTIONS 8.E(1)(E)(I) AND 8.E(1)(E)(IV) OF THE ILLINOIS SECURITIES LAW OF 1953 (THE "ACT"). CHARLES SCHWAB INVESTMENT MANAGEMENT WAS SUBJECT TO SANCTIONS PURSUANT TO SECTIONS 8.E.(1)(F) OF THE ACT.

1)SHALL OFFER TO ILLINOIS INVESTORS WHO FILE AN ARBITRATION CLAIM AFTER ENTRY OF THE CONSENT ORDER THE OPTION TO PARTICIPATE IN AN EXPEDITED ARBITRATION IF THE ILLINOIS INVESTOR MEETS CERTAIN, SPECIFIED CRITERIA INCLUDING (A) CLAIMS LOSSES ON HOLDINGS OF THE SCHWAB YIELDPLUS FUND PURCHASED PRIOR TO NOVEMBER 15, 2006; AND (B) MAINTAINED THOSE HOLDINGS AT ANY TIME DURING THE PERIOD MAY 31, 2006 THROUGH PRESENT; AND (C)(I) HAS NOT BROUGHT OR DOES NOT CURRENTLY MAINTAIN AN ARBITRATION IN CONNECTION WITH YIELDPLUS; OR (II) HAS NOT ENTERED INTO A SETTLEMENT WITH ANY OF THE SCHWAB RESPONDENTS, OR (III) IS NOT A MEMBER OF THE STATE OR FEDERAL CLASSES IN THE YIELDPLUS SECURITIES CLASS ACTION NO. 08-CV-01510 WHA WITH RESPECT TO THE SHARES AT ISSUE IN THE EXPEDITED ARBITRATION.

2)ACKNOWLEDGED AND AGREED THAT THEY SHALL PAY SEVEN HUNDRED THOUSAND DOLLARS (\$700,000.00) TO THE ILLINOIS SECRETARY OF STATE, INVESTOR EDUCATION FUND WITHIN TEN (10) DAYS OF THE ENTRY OF THIS ORDER.

3)ACKNOWLEDGED AND AGREED THAT ON OR BEFORE JUNE 30, 2011, THE SCHWAB RESPONDENTS SHALL PAY ILLINOIS YIELDPLUS INVESTORS \$7,867,364.00. THIS FIGURE REPRESENTS COMPENSATION FOR SHARES PURCHASED BETWEEN MAY 31, 2006 AND MARCH 17, 2008 AND SUBSEQUENTLY SOLD, TAKING INTO ACCOUNT AMOUNTS PAID TO ILLINOIS YIELDPLUS INVESTORS PURSUANT TO OTHER REGULATORY AND



CIVIL SETTLEMENTS ENTERED INTO BY THE SCHWAB RESPONDENTS.
FOR THE PURPOSE OF DETERMINING COMPENSATED LOSSES PER THIS
ORDER, ILLINOIS YIELDPLUS INVESTORS WHO SOLD AFTER MARCH
17,2008

Firm Statement

N/A

Disclosure 24 of 56
Reporting Source:

Regulator

Current Status:

Final

Allegations:

SEC ADMIN RELEASE 33-9171, 34-63693; IA RELEASE 3136; INVESTMENT COMPANY RELEASE 29552, JANUARY 11, 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 SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(F) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST CHARLES SCHWAB & CO., INC. ("CS&CO." OR "RESPONDENT").

THE COMMISSION FOUND THAT CS&CO. OFFERED, SOLD, AND MANAGED A FIXED-INCOME MUTUAL FUND THAT SUFFERED A SIGNIFICANT DECLINE DURING THE CREDIT CRISIS OF 2007-2008. THE FUND WAS A SERIES OF AN OPEN-END MANAGEMENT INVESTMENT COMPANY AND AN OPEN-END FUND ORGANIZED AS A MASSACHUSETTS BUSINESS TRUST REGISTERED UNDER THE INVESTMENT COMPANY ACT.

THE COMMISSION FOUND THAT CS&CO.: (1) OFFERED AND SOLD THE FUND AS A CASH ALTERNATIVE WITHOUT ADEQUATELY DISCLOSING THE DIFFERENCES BETWEEN THE FUND AND THE CASH INVESTMENTS WITH WHICH IT WAS COMPARED, WHICH MISLED INVESTORS; (2) DEVIATED FROM THE FUND'S CONCENTRATION POLICY WHEN IT INVESTED MORE THAN 25% OF FUND ASSETS IN NON-AGENCY MORTGAGE-BACKED SECURITIES WITHOUT OBTAINING A SHAREHOLDER VOTE AS REQUIRED BY STATUTE; (3) MADE INACCURATE STATEMENTS CONCERNING THE FUND WHILE ITS NET ASSET VALUE ("NAV") DECLINED; AND (4) FAILED TO ESTABLISH AND IMPLEMENT INTERNAL CONTROLS REASONABLY DESIGNED TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION.

THE COMMISSION FOUND THAT:



CS&CO. WILLFULLY VIOLATED SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT WHEN IT: (1) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS ABOUT THE FUND AND ITS RISK BEFORE THE FUND'S NAV DECLINED; (2) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS DURING THE FUND'S NAV DECLINE; AND (3) MATERIALLY UNDERSTATED THE FUND'S WEIGHTED AVERAGE MATURITY ("WAM") FROM FEBRUARY 2006 TO SEPTEMBER 2007 IN CERTAIN COMMUNICATIONS.

CS&CO. WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT. CS&CO. PROVIDED SUBSTANTIAL ASSISTANCE TO PERSONS MAKING THE MISSTATEMENTS AND OMISSIONS DETAILED ABOVE THAT APPEARED IN SALES MATERIALS FILED WITH NASD OR FINRA AND, CONSEQUENTLY, WITH THE COMMISSION. CS&CO. ALSO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT BY PROVIDING SUBSTANTIAL ASSISTANCE REGARDING (1) A FORM N-CSR ANNUAL REPORT DATED AUGUST 31, 2007, MISSTATING THE FUND'S WAM; (2) A REGISTRATION STATEMENT STATING THAT THE FUND WOULD NOT INVEST MORE THAN 25% OF ITS ASSETS IN NON-AGENCY MBS AT A TIME WHEN THE FUND EXCEEDED THAT CONCENTRATION LIMITATION; AND (3) A FORM 485B FALSELY CERTIFYING THAT IT CONTAINED NO MATERIAL CHANGES WHEN IT INCLUDED THE UNAUTHORIZED CHANGE TO THE FUNDS' CONCENTRATION POLICY.

CS&CO. WILLFULLY VIOLATED SECTION 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT BECAUSE ITS POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED, GIVEN THE NATURE OF THEIR BUSINESS, TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION ABOUT THE FUND BY RELATED PERSONNEL AND FUNDS.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/11/2011

Docket/Case Number: 3-14184

Principal Product Type: Mutual Fund(s)

Other Product Type(s): MORTGAGE-BACKED SECURITES

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

Other Sanction(s)/Relief Sought:

Resolution: Order



Resolution Date: 01/11/2011

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

Sanctions Ordered: Censure
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKING

Sanction Details: IN ANTICIPATION OF THE INSTITUTION OF THE PROCEEDINGS, RESPONDENT SUBMITTED AN OFFER OF SETTLEMENT ("OFFER") THAT 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 SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(F) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER ("ORDER").

THE COMMISSION FOUND THAT CS&CO. WILLFULLY VIOLATED SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT AND SECTION 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT AND WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT.

THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN RESPONDENT CS&CO.'S OFFER.

PURSUANT TO SECTION 8A OF THE SECURITIES ACT, SECTIONS 15(B) AND 21C OF THE EXCHANGE ACT, SECTIONS 203(E) AND 203(K) OF THE ADVISERS ACT, AND SECTION 9(F) OF THE INVESTMENT COMPANY ACT, THE COMMISSION ORDERED THAT:

A. CS&CO. CEASE AND DESIST FROM COMMITTING OR CAUSING ANY



VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) AND (3) OF THE SECURITIES ACT AND SECTION 15(G) OF THE EXCHANGE ACT, AND FROM COMMITTING OR CAUSING VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT.

B. CS&CO. IS CENSURED.

C. CS&CO. SHALL COMPLY WITH THE UNDERTAKINGS.

CS&CO. HAS UNDERTAKEN TO:

A. CORRECT ALL DISCLOSURES REGARDING THE TAXABLE BOND FUNDS' CONCENTRATION POLICY BY REINSTATING DISCLOSURE OF A 25% LIMIT ON INVESTMENT IN NON-AGENCY MBS FOR PURPOSES OF ITS CONCENTRATION POLICY.

B. RETAIN A QUALIFIED INDEPENDENT CONSULTANT ("CONSULTANT") TO: (1) CONDUCT A COMPREHENSIVE REVIEW OF RESPONDENT'S POLICIES, PRACTICES, AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION BY OR RELATED TO ITS PROPRIETARY MUTUAL FUNDS; (2) DETERMINE THEIR ADEQUACY UNDER SECTION 15(G) OF THE EXCHANGE ACT AND SECTION 204A OF THE ADVISERS ACT; AND (3) PREPARE WRITTEN REPORTS, REVIEWING THEIR ADEQUACY AND MAKING RECOMMENDATIONS REGARDING HOW RESPONDENT SHOULD MODIFY OR SUPPLEMENT ITS POLICIES, PRACTICES, AND PROCEDURES, TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION IN COMPLIANCE WITH SECTION 15(G) OF THE EXCHANGE ACT AND SECTION 204A OF THE ADVISERS ACT. RESPONDENT SHALL PROVIDE A COPY OF THE ENGAGEMENT LETTER TO COMMISSION STAFF;

C. COOPERATE FULLY WITH THE CONSULTANT, INCLUDING PROVIDING THE CONSULTANT WITH ACCESS TO RESPONDENT'S FILES, BOOKS, RECORDS, AND PERSONNEL AS REASONABLY REQUESTED FOR THE REVIEW, AND OBTAINING THE COOPERATION OF RESPECTIVE EMPLOYEES OR OTHER PERSONS UNDER RESPONDENT'S CONTROL;

D. REQUIRE THE CONSULTANT TO REPORT TO COMMISSION STAFF ON ITS ACTIVITIES AS THE STAFF SHALL REQUEST;

E. PERMIT THE CONSULTANT TO ENGAGE SUCH ASSISTANCE AS NECESSARY AND AT A REASONABLE COST, TO CARRY OUT ITS ACTIVITIES, AND THE COST OF SUCH ASSISTANCE SHALL BE BORNE EXCLUSIVELY BY RESPONDENT;

F. RESPONDENT SHALL REQUIRE THE CONSULTANT TO COMPLETE THE REVIEW AND PREPARE A WRITTEN PRELIMINARY REPORT AND TO

Regulator Statement

PROVIDE THE PRELIMINARY REPORT SIMULTANEOUSLY TO BOTH COMMISSION STAFF AND RESPONDENT;

G. RESPONDENT SHALL ADOPT AND IMPLEMENT ALL RECOMMENDATIONS SET FORTH IN THE PRELIMINARY REPORT;

H. RESPONDENT SHALL CERTIFY IN WRITING TO THE CONSULTANT AND COMMISSION STAFF THAT RESPONDENT HAS ADOPTED AND IMPLEMENTED ALL OF THE RECOMMENDATIONS AND THAT RESPONDENT ESTABLISHED APPROPRIATE POLICIES, PRACTICES, AND PROCEDURES;

I. RESPONDENT SHALL REQUIRE THE CONSULTANT TO HAVE COMPLETED A REVIEW OF RESPONDENT'S REVISED POLICIES AND PROCEDURES AND PRACTICES AND SUBMIT A WRITTEN FINAL REPORT TO RESPONDENT AND COMMISSION STAFF. THE FINAL REPORT SHALL DESCRIBE THE REVIEW MADE OF RESPONDENT'S REVISED POLICIES, PRACTICES, AND PROCEDURES AND DESCRIBE HOW RESPONDENT IS IMPLEMENTING, ENFORCING, AND AUDITING THE ENFORCEMENT AND IMPLEMENTATION OF THOSE POLICIES, PRACTICES, AND PROCEDURES AND WHETHER THEY ARE REASONABLY ADEQUATE UNDER SECTION 15(G) OF THE EXCHANGE ACT AND SECTION 204A OF THE ADVISERS ACT;

J. RESPONDENT MAY APPLY TO COMMISSION STAFF FOR AN EXTENSION OF THE DEADLINES BEFORE THEIR EXPIRATION AND COMMISSION STAFF MAY GRANT SUCH EXTENSIONS FOR WHATEVER TIME PERIOD IT DEEMS APPROPRIATE;

K. RESPONDENT SHALL NOT HAVE THE AUTHORITY TO TERMINATE THE CONSULTANT WITHOUT PRIOR WRITTEN APPROVAL OF COMMISSION STAFF;

L. RESPONDENT SHALL REQUIRE THE CONSULTANT TO ENTER INTO AN AGREEMENT THAT PROVIDES THAT FOR THE PERIOD OF ENGAGEMENT AND FOR A PERIOD OF TWO YEARS FROM COMPLETION OF THE ENGAGEMENT, THE CONSULTANT SHALL NOT ENTER INTO ANY PROFESSIONAL RELATIONSHIP WITH RESPONDENT OR ANY OF ITS PRESENT OR FORMER AFFILIATES; AND

M. RESPONDENT AGREED TO CERTIFY IN WRITING TO COMMISSION STAFF, AS OF THE CALENDAR YEAR ENDED DECEMBER 31, 2011, THAT RESPONDENT HAS ESTABLISHED AND CONTINUE TO MAINTAIN POLICIES, PRACTICES, AND PROCEDURES AS REQUIRED BY SECTION 15(G) OF THE EXCHANGE ACT AND SECTION 204A OF THE ADVISERS ACT THAT ARE CONSISTENT WITH THE FINDINGS OF THE ORDER.



N. RESPONDENT SHALL CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKINGS. THE COMMISSION STAFF MAY MAKE REASONABLE REQUESTS FOR FURTHER EVIDENCE OF COMPLIANCE, AND RESPONDENT AGREED TO PROVIDE SUCH EVIDENCE.

Reporting Source: Firm

Current Status: Final

Allegations: ON JANUARY 11, 2011, FOLLOWING AN OFFER OF SETTLEMENT BY THE FIRM AND AFFILIATES, THE SECURITIES AND EXCHANGE COMMISSION ENTERED AN ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(F) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST CHARLES SCHWAB INVESTMENT MANAGEMENT (CSIM); CHARLES SCHWAB & CO., INC. (CSCO); AND SCHWAB INVESTMENTS ("RESPONDENTS"). THE ORDER CONCERNED THE MANAGEMENT, SALE AND MARKETING OF THE SCHWAB YIELDPLUS FUND (THE "FUND") AND, IN ONE RESPECT, ONE OTHER MUTUAL FUND. THE ORDER FOUND THAT:

- SCHWAB INVESTMENTS DEVIATED FROM THE FUNDS' CONCENTRATION POLICY WITHOUT OBTAINING SHAREHOLDER APPROVAL WHEN THE YIELDPLUS FUND AND THE TOTAL BOND MARKET FUND INVESTED MORE THAN 25% OF THEIR ASSETS IN NON-AGENCY MBS. ACCORDINGLY, SCHWAB INVESTMENTS WILLFULLY VIOLATED SECTION 13(A) OF THE INVESTMENT COMPANY ACT. SEE IN RE CHARLES SCHWAB CORP. SECS. LITIG., 2010 WL 1261705 (N.D. CAL. MARCH 30, 2010) (INVESTING MORE THAN 25% IN NON-AGENCY MBS REQUIRED SHAREHOLDER VOTE). CSIM WILLFULLY AIDED AND ABETTED AND CAUSED THE VIOLATIONS WHEN IT DIRECTED THE INVESTMENTS IN MBS IN EXCESS OF THE YIELDPLUS FUND'S 25% LIMIT, PROPOSED THE CHANGE TO THE FUNDS' CONCENTRATION POLICY, AND DIRECTED THE TOTAL BOND FUND'S INVESTMENT OF OVER ONE-THIRD OF ASSETS IN NON-AGENCY MBS.
- CSIM AND CSCO WILLFULLY VIOLATED ANTI-FRAUD PROVISIONS OF THE SECURITIES ACT, SECTIONS 17(A)(2) AND (3), WHEN, AS DESCRIBED ABOVE, THEY: (1) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS ABOUT THE FUND AND ITS RISK BEFORE THE FUND'S NAV DECLINED; (2) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS DURING THE FUND'S NAV DECLINE; AND (3) MATERIALLY UNDERSTATED THE FUND'S WEIGHTED AVERAGE MATURITY ("WAM") FROM FEBRUARY 2006 TO SEPTEMBER 2007 IN CERTAIN COMMUNICATIONS.
- CSIM ALSO WILLFULLY VIOLATED SECTION 206(4) AND RULE 206(4)-8 OF

THE ADVISERS ACT BY MATERIALLY MISSTATING THE FUND'S WAM AND BY MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS ABOUT THE FUND DURING ITS DECLINE.

-- CSIM AND CSCO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT. CSIM AND CSCO PROVIDED SUBSTANTIAL ASSISTANCE TO PERSONS MAKING THE MISSTATEMENTS AND OMISSIONS DETAILED ABOVE THAT APPEARED IN SALES MATERIALS FILED WITH NASD OR FINRA AND, CONSEQUENTLY, WITH THE COMMISSION. CSIM AND CSCO ALSO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT BY PROVIDING SUBSTANTIAL ASSISTANCE REGARDING (1) A FORM N-CSR ANNUAL REPORT DATED AUGUST 31, 2007, MISSTATING THE FUND'S WAM; (2) A REGISTRATION STATEMENT STATING THAT THE YIELDPLUS FUND WOULD NOT INVEST MORE THAN 25% OF ITS ASSETS IN NON-AGENCY MBS AT A TIME WHEN THE FUND EXCEEDED THAT CONCENTRATION LIMITATION; AND (3) A FORM 485B FALSELY CERTIFYING THAT IT CONTAINED NO MATERIAL CHANGES WHEN IT INCLUDED THE UNAUTHORIZED CHANGE TO THE FUNDS' CONCENTRATION POLICY.

--CSIM AND CSCO'S POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED, GIVEN THE NATURE OF THEIR BUSINESS, TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION ABOUT THE FUND BY SCHWAB-RELATED PERSONNEL AND FUNDS. ACCORDINGLY, CSIM AND CSCO WILLFULLY VIOLATED SECTIONS 204A OF THE ADVISERS ACT AND 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT, RESPECTIVELY.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/11/2011

Docket/Case Number: 3-14184

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 01/11/2011

Sanctions Ordered: Censure
Monetary/Fine \$57,327,149.00
Disgorgement/Restitution



Cease and Desist/Injunction

Other Sanctions Ordered:

UNDERTAKING

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS IN THE SEC'S ORDER OR THE ALLEGATIONS IN THE SEC'S COMPLAINT, CSIM AND CSCO AGREED TO PAY A TOTAL OF \$118,944,996, INCLUDING \$52,327,149 IN DISGORGEMENT OF FEES BY CSIM, A \$52,327,149 PENALTY AGAINST CSIM, A \$5 MILLION PENALTY AGAINST CSCO, AND PRE-JUDGMENT INTEREST OF \$9,290,698. SOME OF CSIM'S DISGORGEMENT MAY BE DEEMED SATISFIED UP TO A MAXIMUM OF \$26,944,996 FOR PAYMENTS MADE WITHIN THE NEXT 60 DAYS TO SETTLE RELATED INVESTIGATIONS BY FINRA OR STATE SECURITIES REGULATORS.

THE SEC SEEKS TO HAVE PAYMENTS PLACED IN A FAIR FUND FOR DISTRIBUTION TO HARMED INVESTORS, AND THE RELATED RECOVERIES BY OTHER REGULATORS, SUCH AS FINRA, MAY BE CONTRIBUTED TO THE FAIR FUND. THE PAYMENTS AND ANY FAIR FUND ARE SUBJECT TO APPROVAL BY THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

CSIM, CSCO AND SCHWAB INVESTMENTS ALSO CONSENTED TO AN SEC ORDER REQUIRING THEM TO CEASE AND DESIST FROM COMMITTING OR CAUSING FUTURE VIOLATIONS OF THE FEDERAL SECURITIES LAWS. THE SEC ORDER ALSO REQUIRES THEM TO COMPLY WITH CERTAIN UNDERTAKINGS, INCLUDING CORRECTION OF ALL DISCLOSURES REGARDING THE FUNDS' CONCENTRATION POLICY. IN ADDITION, THE COMMISSION CENSURED CSIM AND CSCO, AND REQUIRED THEM TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW AND MAKE RECOMMENDATIONS ABOUT THEIR POLICIES AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION.

Firm Statement

N/A

Reporting Source:

Firm

Current Status:

Final

Allegations:

ON JANUARY 11, 2011, FOLLOWING AN OFFER OF SETTLEMENT BY THE FIRM AND AFFILIATES, THE SECURITIES AND EXCHANGE COMMISSION ENTERED AN ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(F) OF THE INVESTMENT COMPANY ACT OF 1940 ("INVESTMENT COMPANY ACT") AGAINST CHARLES SCHWAB



INVESTMENT MANAGEMENT (CSIM); CHARLES SCHWAB & CO., INC. (CSCO); AND SCHWAB INVESTMENTS ("RESPONDENTS").

THE ORDER CONCERNED THE MANAGEMENT, SALE AND MARKETING OF THE SCHWAB YIELDPLUS FUND (THE "FUND") AND, IN ONE RESPECT, ONE OTHER MUTUAL FUND. THE ORDER FOUND THAT:

-- SCHWAB INVESTMENTS DEVIATED FROM THE FUNDS' CONCENTRATION POLICY WITHOUT OBTAINING SHAREHOLDER APPROVAL WHEN THE YIELDPLUS FUND AND THE TOTAL BOND MARKET FUND INVESTED MORE THAN 25% OF THEIR ASSETS IN NON-AGENCY MBS. ACCORDINGLY, SCHWAB INVESTMENTS WILLFULLY VIOLATED SECTION 13(A) OF THE INVESTMENT COMPANY ACT. SEE IN RE CHARLES SCHWAB CORP. SECS. LITIG., 2010 WL 1261705 (N.D. CAL. MARCH 30, 2010) (INVESTING MORE THAN 25% IN NON-AGENCY MBS REQUIRED SHAREHOLDER VOTE). CSIM WILLFULLY AIDED AND ABETTED AND CAUSED THE VIOLATIONS WHEN IT DIRECTED THE INVESTMENTS IN MBS IN EXCESS OF THE YIELDPLUS FUND'S 25% LIMIT, PROPOSED THE CHANGE TO THE FUNDS' CONCENTRATION POLICY, AND DIRECTED THE TOTAL BOND FUND'S INVESTMENT OF OVER ONE-THIRD OF ASSETS IN NON-AGENCY MBS.

-- CSIM AND CSCO WILLFULLY VIOLATED ANTI-FRAUD PROVISIONS OF THE SECURITIES ACT, SECTIONS 17(A)(2) AND (3), WHEN, AS DESCRIBED ABOVE, THEY: (1) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS ABOUT THE FUND AND ITS RISK BEFORE THE FUND'S NAV DECLINED; (2) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS DURING THE FUND'S NAV DECLINE; AND (3) MATERIALLY UNDERSTATED THE FUND'S WEIGHTED AVERAGE MATURITY ("WAM") FROM FEBRUARY 2006 TO SEPTEMBER 2007 IN CERTAIN COMMUNICATIONS.

-- CSIM ALSO WILLFULLY VIOLATED SECTION 206(4) AND RULE 206(4)-8 OF THE ADVISERS ACT BY MATERIALLY MISSTATING THE FUND'S WAM AND BY MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS ABOUT THE FUND DURING ITS DECLINE.

-- CSIM AND CSCO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT. CSIM AND CSCO PROVIDED SUBSTANTIAL ASSISTANCE TO PERSONS MAKING THE MISSTATEMENTS AND OMISSIONS DETAILED ABOVE THAT APPEARED IN SALES MATERIALS FILED WITH NASD OR FINRA AND, CONSEQUENTLY, WITH THE COMMISSION. CSIM AND CSCO ALSO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT BY PROVIDING SUBSTANTIAL ASSISTANCE REGARDING (1) A FORM N-CSR ANNUAL REPORT DATED AUGUST 31, 2007, MISSTATING THE FUND'S WAM; (2) A REGISTRATION STATEMENT STATING THAT THE YIELDPLUS FUND WOULD NOT INVEST MORE THAN 25% OF ITS ASSETS IN NON-AGENCY MBS AT A TIME WHEN THE FUND EXCEEDED THAT CONCENTRATION LIMITATION; AND (3) A FORM 485B FALSELY CERTIFYING THAT IT CONTAINED NO MATERIAL CHANGES WHEN IT



INCLUDED THE UNAUTHORIZED CHANGE TO THE FUNDS' CONCENTRATION POLICY.

--CSIM AND CSCO'S POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED, GIVEN THE NATURE OF THEIR BUSINESS, TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION ABOUT THE FUND BY SCHWAB-RELATED PERSONNEL AND FUNDS. ACCORDINGLY, CSIM AND CSCO WILLFULLY VIOLATED SECTIONS 204A OF THE ADVISERS ACT AND 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT, RESPECTIVELY.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 01/11/2011

Docket/Case Number: 3-14184

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

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

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 01/11/2011

Sanctions Ordered: Censure
Monetary/Fine \$57,327,149.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS IN THE SEC'S ORDER OR THE ALLEGATIONS IN THE SEC'S COMPLAINT, CSIM AND CSCO AGREED TO PAY A TOTAL OF \$118,944,996, INCLUDING \$52,327,149 IN DISGORGEMENT OF FEES BY CSIM, A \$52,327,149 PENALTY AGAINST CSIM, A \$5 MILLION PENALTY AGAINST CSCO, AND PRE-JUDGMENT INTEREST OF \$9,290,698. SOME OF CSIM'S DISGORGEMENT MAY BE DEEMED SATISFIED UP TO A MAXIMUM OF \$26,944,996 FOR PAYMENTS MADE WITHIN THE NEXT 60 DAYS TO SETTLE RELATED INVESTIGATIONS BY FINRA OR STATE SECURITIES REGULATORS.

THE SEC SEEKS TO HAVE PAYMENTS PLACED IN A FAIR FUND FOR DISTRIBUTION TO HARMED INVESTORS, AND THE RELATED RECOVERIES BY OTHER REGULATORS, SUCH AS FINRA, MAY BE CONTRIBUTED TO THE



FAIR FUND. THE PAYMENTS AND ANY FAIR FUND ARE SUBJECT TO APPROVAL BY THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

CSIM, CSCO AND SCHWAB INVESTMENTS ALSO CONSENTED TO AN SEC ORDER REQUIRING THEM TO CEASE AND DESIST FROM COMMITTING OR CAUSING FUTURE VIOLATIONS OF THE FEDERAL SECURITIES LAWS. THE SEC ORDER ALSO REQUIRES THEM TO COMPLY WITH CERTAIN UNDERTAKINGS, INCLUDING CORRECTION OF ALL DISCLOSURES REGARDING THE FUNDS' CONCENTRATION POLICY. IN ADDITION, THE COMMISSION CENSURED CSIM AND CSCO, AND REQUIRED THEM TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW AND MAKE RECOMMENDATIONS ABOUT THEIR POLICIES AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION.

Firm Statement

N/A

Disclosure 25 of 56

Reporting Source:

Regulator

Current Status:

Final

Allegations:

NASD RULES 2110, 2210, 3010(A): YIELDPLUS IS AN ULTRA-SHORT TERM BOND FUND MANAGED BY THE MEMBER FIRM'S AFFILIATE, WHICH WAS INTENDED TO PROVIDE CURRENT INCOME WITH MINIMAL CHANGES IN SHARE PRICE, WITH AN AVERAGE DURATION OF THE PORTFOLIO HOLDINGS AT ONE YEAR OR LESS. PRIOR TO AUGUST 2006, PURSUANT TO ITS FUNDAMENTAL INVESTMENT POLICY AND IN ACCORDANCE WITH SECTION 8(B)(1) OF THE INVESTMENT COMPANY ACT OF 1940, YIELDPLUS WAS ONLY PERMITTED TO INVEST A MAXIMUM OF 25% OF FUND ASSETS IN THE SECURITIES OF ANY PARTICULAR INDUSTRY. THE FIRM MARKETED YIELDPLUS AS A LOW-RISK ALTERNATIVE TO MONEY MARKET FUNDS AND OTHER CASH ALTERNATIVE INVESTMENTS. AFTER THE FIRM'S AFFILIATE BOARD OF TRUSTEES APPROVED THE FUND MANGER'S PROPOSAL TO NO LONGER CLASSIFY NON-AGENCY MORTGAGE-BACKED SECURITIES OBLIGATIONS (MBS) AS AN INDUSTRY FOR PURPOSES OF THE FUND'S CONCENTRATION POLICIES ON AUGUST 29, 2006, THE AFFILIATE BEGAN INCREASING THE FUND'S HOLDINGS IN MBS. AS A RESULT, THE PERCENTAGE OF ASSETS IN MORTGAGE-BACKED SECURITIES INCREASED FROM LESS THAN 25% ON AUGUST 31, 2006 TO MORE THAN TWICE THAT AMOUNT BY THE END OF FEBRUARY 2008. THIS INCREASE CAUSED YIELDPLUS TO BE DISPROPORTIONATELY AFFECTED BY THE TURMOIL IN THE MORTGAGE-BACKED SECURITIES MARKET BEGINNING IN THE SUMMER OF 2007 AND THROUGH THE CREDIT CRISIS OF 2007-2008. THE FUND'S NAV DROPPED SIGNIFICANTLY IN 2007 AND 2008, FALLING



FROM THE 2007 HIGH OF \$9.69 ON FEBRUARY 26, 2007 TO \$8.79 ON FEBRUARY 29, 2008, A DECLINE OF 9.3%. THE FIRM'S INVESTMENT MANAGEMENT UNIT WAS AWARE OF THE CHANGES IN THE FUND'S PORTFOLIO AND FAILED TO RECOGNIZE THE RESULTING INCREASE IN THE RISK AND PRICE VOLATILITY OF THE FUND. BUT BETWEEN SEPTEMBER 1, 2006 AND FEBRUARY 29, 2008 (THE "RELEVANT PERIOD"), THE FIRM CONTINUED TO MARKET YIELDPLUS AS A RELATIVELY LOW-RISK ALTERNATIVE TO MONEY MARKET FUNDS AND CERTIFICATE OF DEPOSIT (CDS) THAT HAD MINIMAL FLUCTUATIONS IN NAV. IN WRITTEN MATERIALS AND CERTAIN CONVERSATIONS WITH CUSTOMERS, SOME REPRESENTATIVES OF THE FIRM OMITTED OR PROVIDED INCOMPLETE OR INACCURATE MATERIAL INFORMATION RELATING TO THE FUNDS' CHARACTERISTICS, RISK, AND DIVERSIFICATION. THE CLAIMS AND STATEMENTS MADE IN THE FIRM'S ADVERTISEMENT AND SALES MATERIALS WERE NOT FAIR AND BALANCED AND FAILED TO PROVIDE THE CUSTOMERS WITH A SOUND BASIS FOR EVALUATING THE FACTS REGARDING YIELDPLUS. THE FIRM OMITTED MATERIAL FACTS ABOUT THE FUND WHICH CAUSED THESE MATERIAL AND STATEMENTS TO BE MISLEADING AND THE CLAIMS AND STATEMENTS MADE IN COMMUNICATIONS WITH THE PUBLIC FAILED TO PROVIDE ESSENTIAL INFORMATION NECESSARY TO EVALUATE THE CLAIMS MADE ABOUT THE FUND. DURING THE RELEVANT PERIOD THE FIRM SOLD OVER \$13.75 BILLION IN SHARES OF YIELDPLUS TO CUSTOMERS. WHILE MAJORITY OF SALES WERE NOT SOLICITED, THE FIRM SOLICITED SALES OF YIELDPLUS DURING THE RELEVANT PERIOD TOTALED APPROXIMATELY \$3.36 BILLION. BETWEEN SEPTEMBER 1, 2006 AND FEBRUARY 29, 2008, THE FIRM COLLECTED APPROXIMATELY \$17.5 MILLION IN FEES FROM SALES OF THE FUND AND IN MARCH 2008, YIELDPLUS WAS TAKEN OFF OF THE FIRM'S SELECT LIST. THE FIRM FAILED TO ADEQUATELY SUPERVISE THE SALES AND MARKETING OF YIELDPLUS INCLUDING FAILING TO REASONABLY SUPERVISE HOW ITS REPRESENTATIVES AND SALES MATERIALS WERE PORTRAYING THE PRODUCT. THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS REGARDING THE PROMOTION AND SALES OF YIELDPLUS. THE FIRM FAILED TO TAKE APPROPRIATE ACTION TO REASONABLY ENSURE THAT ACCURATE INFORMATION ABOUT THE FUND WAS PROVIDED TO CUSTOMERS AND POTENTIAL CUSTOMERS.

Initiated By: FINRA
Date Initiated: 01/11/2011
Docket/Case Number: [2008012876902](#)
Principal Product Type: Mutual Fund(s)

**Other Product Type(s):**

Principal Sanction(s)/Relief Sought: Other

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

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/11/2011

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 \$500,000.00
Disgorgement/Restitution

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 TO MAKE A PAYMENT IN THE AMOUNT OF \$18,000,000, WHICH CONSTITUTES DISGORGEMENT OF \$17,500,000 AND A FINE OF \$500,000. THE FINE AND DISGORGEMENT SHALL BE PAID INTO THE ACCOUNT (THE FAIR FUND) ESTABLISHED IN CONNECTION WITH THE ACTION FILED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AGAINST THE FIRM. THE \$18 MILLION PAID INTO THE FAIR FUND SHALL BE USED FOR THE BENEFIT OF INVESTORS IN YIELD PLUS OR FOR COSTS AND EXPENSES ASSOCIATED WITH ADMINISTERING AND DISTRIBUTING THE FUND AND SHALL BE ADMINISTERED IN ACCORDANCE WITH THE ORDER ESTABLISHING THE FAIR FUND AND ALL OTHER ORDERS IN THE SEC ACTION. THE FIRM SHALL PROVIDE FINRA WITH PROOF OF PAYMENT.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM SUBMITTED A LETTER OF ACCEPTANCE, WAIVER AND CONSENT TO FINRA WHICH FINRA ACCEPTED ON JANUARY 11, 2011 (THE "AWC"). IN THE AWC, THE FIRM ACCEPTED AND CONSENTED TO THE FINDINGS WITHOUT ADMITTING OR DENYING THE FINDINGS. THE FINDINGS IN THE AWC ESSENTIALLY STATED THAT DURING THE PERIOD BETWEEN



SEPTEMBER 1, 2006 AND FEBRUARY 29, 2008, THE FIRM MARKETED THE YIELDPLUS ULTRA-SHORT TERM BOND FUND (THE "FUND") AS A RELATIVELY LOW-RISK ALTERNATIVE TO MONEY MARKET FUNDS AND CERTIFICATES OF DEPOSIT WITH MINIMAL FLUCTUATIONS IN NAV. DURING THE PERIOD 2007 AND 2008, HOWEVER, THE NAV DROPPED AFTER THE FUND'S MANAGER, CHARLES SCHWAB INVESTMENT MANAGEMENT BEGAN INCREASING THE FUND'S HOLDINGS IN MORTGAGE-BACKED SECURITIES OBLIGATIONS, AND THOSE HOLDINGS ROSE FROM LESS THAN 25% ON AUGUST 31, 2006 TO MORE THAN TWICE THAT AMOUNT BY THE END OF FEBRUARY 2008. THE FINDINGS STATED THAT THE FIRM FAILED TO ADEQUATELY SUPERVISE THE SALES AND MARKETING OF YIELDPLUS, THAT SALES MATERIALS AND STATEMENTS BY SOME REPRESENTATIVES MARKETING YIELDPLUS WERE INCOMPLETE OR INACCURATE AND THAT THIS CONDUCT VIOLATED NASD RULES 2110, 2210 AND 3010

Initiated By: FINRA

Date Initiated: 01/11/2011

Docket/Case Number: [2008012876902](#)

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/11/2011

Sanctions Ordered: Censure
Monetary/Fine \$500,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS BY FINRA:

- 1) A CENSURE
- 2) PAYMENT IN THE AMOUNT OF \$18,000,000, WHICH CONSTITUTES DISGORGEMENT OF \$17,500,000 AND A FINE OF \$500,000. THE FINE AND



DISGORGEMENT SHALL BE PAID INTO THE ACCOUNT (THE FAIR FUND) ESTABLISHED IN CONNECTION WITH THE ACTION FILED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AGAINST THE FIRM. THE \$18 MILLION PAID INTO THE FAIR FUND SHALL BE USED FOR THE BENEFIT OF INVESTORS IN YIELD PLUS OR FOR COSTS AND EXPENSES ASSOCIATED WITH ADMINISTERING AND DISTRIBUTING THE FUND AND SHALL BE ADMINISTERED IN ACCORDANCE WITH THE ORDER ESTABLISHING THE FAIR FUND AND ALL OTHER ORDERS IN THE SEC ACTION. THE FIRM SHALL PROVIDE FINRA WITH PROOF OF PAYMENT.

Firm Statement

N/A

Disclosure 26 of 56**Reporting Source:** Regulator**Current Status:** Final**Allegations:** CHARLES SCHWAB & COMPANY, INC., OFFERED FOR SALE A STRUCTURED NOTE TO AT LEAST ONE PA RESIDENT THROUGH A REPRESENTATIVE WHO WAS NOT REGISTERED NOR EXEMPT FROM REGISTRATION PURSUANT TO THE REGISTRATION PROVISIONS OF THE PA SECURITIES ACT OF 1972.**Initiated By:** PENNSYLVANIA CONTACTS: COUNSELS PAUL VON GEIS AND CAROLYN W. MENDELSON (412)-565-5083**Date Initiated:** 11/17/2009**Docket/Case Number:** 2009-04-14**URL for Regulatory Action:****Principal Product Type:** Other**Other Product Type(s):** PROMISSORY NOTE (STRUCTURED NOTE)**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)**Other Sanction(s)/Relief Sought:** CHARLES SCHWAB & COMPANY, INC. IS ORDERED TO PAY \$10,000.00 TO THE COMMONWEALTH OF PA, WHICH AMOUNT REPRESENTS LEGAL AND INVESTIGATIVE COSTS. CHARLES SCHWAB & COMPANY, INC., IS ALSO ORDERED TO PAY A \$10,000.00 ADMINISTRATIVE ASSESSMENT IN THIS MATTER. BOTH PAYMENTS ARE DUE WITHIN TEN DAYS SUBSEQUENT TO ISSUANCE OF THIS ORDER.**Resolution:** Settled**Resolution Date:** 11/17/2009



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Monetary/Fine \$20,000.00
Other Sanctions Ordered:	
Sanction Details:	CHARLES SCHWAB & COMPANY, INC. IS ORDERED TO PAY \$10,000.00 TO THE COMMONWEALTH OF PA, WHICH AMOUNT REPRESENTS LEGAL AND INVESTIGATIVE COSTS. CHARLES SCHWAB & COMPANY, INC., IS ALSO ORDERED TO PAY A \$10,000.00 ADMINISTRATIVE ASSESSMENT IN THIS MATTER. BOTH PAYMENTS ARE DUE WITHIN TEN DAYS SUBSEQUENT TO ISSUANCE OF THIS ORDER.
Regulator Statement	FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUED TO CHARLES SCHWAB & COMPANY, INC.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	THE STAFF OF THE PENNSYLVANIA SECURITIES COMMISSION ALLEGES CHARLES SCHWAB & COMPANY, INC., VIOLATED A CERTAIN PROVISION OF THE PENNSYLVANIA SECURITIES ACT OF 1972, 70 P.S. § 1-101, ET. SEQ (1972 ACT)
Initiated By:	PENNSYLVANIA
Date Initiated:	11/17/2009
Docket/Case Number:	2009-04-14
Principal Product Type:	Other
Other Product Type(s):	PROMISSORY NOTE (STRUCTURED NOTE)
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CHARLES SCHWAB & COMPANY, INC. IS ORDERED TO PAY \$10,000.00 TO THE COMMONWEALTH OF PA, WHICH AMOUNT REPRESENTS LEGAL AND INVESTIGATIVE COSTS. CHARLES SCHWAB & COMPANY, INC., IS ALSO ORDERED TO PAY A \$10,000.00 ADMINISTRATIVE ASSESSMENT IN THIS MATTER. BOTH PAYMENTS ARE DUE WITHIN TEN DAYS SUBSEQUENT TO ISSUANCE OF THIS ORDER.



Resolution: Settled

Resolution Date: 11/17/2009

Sanctions Ordered: Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: CHARLES SCHWAB & COMPANY, INC. IS ORDERED TO PAY \$10,000.00 TO THE COMMONWEALTH OF PA, WHICH AMOUNT REPRESENTS LEGAL AND INVESTIGATIVE COSTS. CHARLES SCHWAB & COMPANY, INC., IS ALSO ORDERED TO PAY A \$10,000.00 ADMINISTRATIVE ASSESSMENT IN THIS MATTER. BOTH PAYMENTS ARE DUE WITHIN TEN DAYS SUBSEQUENT TO ISSUANCE OF THIS ORDER.

Disclosure 27 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULE G-14 - CHARLES SCHWAB & CO., 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 TIME OF TRADE TO AN RTRS PORTAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT BLOCK 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 TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.

Initiated By: FINRA

Date Initiated: 11/12/2009

Docket/Case Number: [2008014972001](#)

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: 11/12/2009

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

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

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 \$25,000.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULE G-14 - CHARLES SCHWAB & CO., 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 TIME OF TRADE TO AN RTRS PORTAL. THE FIRM FAILED TO REPORT INFORMATION ABOUT BLOCK 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 TO REPORT INFORMATION ABOUT SUCH TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL.

Initiated By: FINRA

Date Initiated: 11/12/2009

Docket/Case Number: [2008014972001](#)

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: 11/12/2009

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

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 \$25,000.

Disclosure 28 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULE G-14 - CHARLES SCHWAB & CO., 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 TIME OF TRADE TO AN RTRS PORTAL.

Initiated By: FINRA

Date Initiated: 04/29/2009

Docket/Case Number: [2007010736801](#)

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: 04/29/2009



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

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

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 \$30,000.

Reporting Source: Firm

Current Status: Final

Allegations: THE ALLEGATIONS WERE THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT PURCHASE AND SALES TRANSACTIONS IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14.

Initiated By: FINRA

Date Initiated: 04/29/2009

Docket/Case Number: [2007010736801](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: 30,000.00 FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/29/2009

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

**Firm Statement**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

Disclosure 29 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULE G-15 - CHARLES SCHWAB & CO., INC. SOLD MUNICIPAL SECURITIES TO RETAIL CLIENTS, CONTAINING MANDATORY REDEMPTION FEATURES (SINKING FUNDS) AND PROVIDED THE CUSTOMERS WITH TRANSACTION CONFIRMATIONS THAT DISCLOSED THE BONDS AS "NON-CALLABLE." THE CONFIRMATIONS SHOULD HAVE DISCLOSED TO THE CUSTOMERS THAT WHILE THE BONDS WERE TECHNICALLY CONSIDERED "NON-CALLABLE," THE BOND ISSUERS COULD BEGIN CALLING THESE BONDS FROM CUSTOMERS IN CONTROLLED NUMBERS A FEW YEARS BEFORE THE BONDS' MATURITY DATES.
Initiated By:	FINRA
Date Initiated:	07/24/2008
Docket/Case Number:	2006005834901
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:	07/24/2008
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 \$38,000.00
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 \$38,000.

Reporting Source: Firm

Current Status: Final

Allegations: MSRB RULE G-15 - ALLEGES CHARLES SCHWAB & CO., INC. SOLD MUNICIPAL SECURITIES TO RETAIL CLIENTS, CONTAINING MANDATORY REDEMPTION FEATURES (SINKING FUNDS) AND PROVIDED THE CUSTOMERS WITH TRANSACTION CONFIRMATIONS THAT DISCLOSED THE BONDS AS "NON-CALLABLE." THE CONFIRMATIONS SHOULD HAVE DISCLOSED TO THE CUSTOMERS THAT WHILE THE BONDS WERE TECHNICALLY CONSIDERED "NON-CALLEABLE," THE BOND ISSUERS COULD BEGIN CALLING THESE BONDS FROM CUSTOMERS IN CONTROLLED NUMBERS A FEW YEARS BEFORE THE BONDS' MATURITY DATES.

Initiated By: FINRA

Date Initiated: 07/24/2008

Docket/Case Number: [2006005834901](#)

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: 07/24/2008

Sanctions Ordered: Censure
Monetary/Fine \$38,000.00

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 \$38,000.



Reporting Source: Regulator

Current Status: Final

Allegations: THE FIRM VIOLATED: (1) AMEX RULE 1000-COMMENTARY .04(A) BY ENTERING LIMIT ORDERS IN A PORTFOLIO DEPOSITORY RECEIPT FOR THE ACCOUNT(S) OF THE SAME OR RELATED BENEFICIAL OWNERS INTO THE EXCHANGE'S ORDER ROUTING SYSTEM ON BOTH SIDES OF THE MARKET ON A REGULAR OR CONTINUOUS BASIS; (2) EXCHANGE RULE 411 BY FAILING TO PROPERLY KNOW THE ENTITY THAT UTILIZED THE FIRM'S ORDER ENTRY CONDUIT TO THE AMEX TRADING FLOOR DURING THE REVIEW PERIOD OCTOBER 11 - 15, 2004; AND (3) AMEX RULE 320(C) AS IT RELATES TO AMEX RULE 1000-COMMENTARY .04(A) IN OCTOBER 2004 BY FAILING TO PROVIDE FOR APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL.

Initiated By: AMERICAN STOCK EXCHANGE

Date Initiated: 10/17/2004

Docket/Case Number: 06-302

Principal Product Type: Other

Other Product Type(s): ETF

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

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Stipulation and Consent

Resolution Date: 07/10/2008

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 \$30,000.00

Other Sanctions Ordered:

Sanction Details: CENSURED AND FINED \$30,000.



Reporting Source: Firm

Current Status: Final

Allegations: THE AMEX ALLEGES THE FIRM VIOLATED: (1) AMEX RULE 1000-COMMENTARY .04(A) BY ENTERING LIMIT ORDERS IN A PORTFOLIO DEPOSITORY RECEIPT FOR THE ACCOUNT(S) OF THE SAME OR RELATED BENEFICIAL OWNERS INTO THE EXCHANGE'S ORDER ROUTING SYSTEM ON BOTH SIDES OF THE MARKET ON A REGULAR OR CONTINUOUS BASIS; (2) EXCHANGE RULE 411 BY FAILING TO PROPERLY KNOW THE ENTITY THAT UTILIZED THE FIRM'S ORDER ENTRY CONDUIT TO THE AMEX TRADING FLOOR DURING THE REVIEW PERIOD OCTOBER 11 - 15, 2004; AND (3) AMEX RULE 320(C) AS IT RELATES TO AMEX RULE 1000-COMMENTARY .04(A) IN OCTOBER 2004 BY FAILING TO PROVIDE FOR APPROPRIATE PROCEDURES OF SUPERVISION AND CONTROL.

Initiated By: AMERICAN STOCK EXCHANGE

Date Initiated: 10/17/2004

Docket/Case Number: 06-302

Principal Product Type: Other

Other Product Type(s): ETF

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 07/10/2008

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: CENSURED AND FINED \$30,000.

Disclosure 31 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULE G-14(B)(I) - RESPONDENT MEMBER FAILED TO REPORT INFORMATION ABOUT THE PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE REAL-TIME TRANSACTION



REPORTING SYSTEM (RTRS) IN THE MANNER PRESCRIBED BY MSRB RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL.

Initiated By: NASD

Date Initiated: 05/15/2007

Docket/Case Number: [2006004058301](#)

Principal Product Type: Other

Other Product Type(s): MUNICIPAL SECURITIES

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/15/2007

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 \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, CHARLES SCHWAB & CO., INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM WAS CENSURED AND FINED \$10,000.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: THE ALLEGATIONS WERE THAT THE FIRM FAILED TO REPORT INFORMATION ABOUT PURCHASE AND SALES TRANSACTIONS IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 (B)(I).



Initiated By: NASD
Date Initiated: 03/22/2007
Docket/Case Number: 20060040583
Principal Product Type: Debt - Municipal
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: CENSURE AND FINE.
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 05/15/2007
Sanctions Ordered: Censure
 Monetary/Fine \$10,000.00
Other Sanctions Ordered: CENSURE AND FINE.
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTS TO THE AWC.

Disclosure 32 of 56

Reporting Source: Regulator
Current Status: Final
Allegations: SEE SUMMARY
Initiated By: CHICAGO BOARD OPTIONS EXCHANGE
Date Initiated: 09/14/2005
Docket/Case Number: 05-0042
Principal Product Type: Options
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:
Resolution: Decision & Order of Offer of Settlement



Resolution Date: 12/15/2005

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

Other Sanctions Ordered: CHARLES SCHWAB & CO., INC. SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000). IN ADDITION, THE COMMITTEE FURTHER ORDERS AN EDUCATIONAL UNDERTAKING FOR APPROPRIATE SCHWAB EMPLOYEES TO REVIEW WITH EXCHANGE STAFF THE REQUIREMENTS OF EXCHANGE RULE 9.21 COMMUNICATIONS TO CUSTOMERS.

Sanction Details: CHARLES SCHWAB & CO., INC. SHALL BE AND HEREBY IS CENSURED AND FINED IN THE AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000). IN ADDITION, THE COMMITTEE FURTHER ORDERS AN EDUCATIONAL UNDERTAKING FOR APPROPRIATE SCHWAB EMPLOYEES TO REVIEW WITH EXCHANGE STAFF THE REQUIREMENTS OF EXCHANGE RULE 9.21 COMMUNICATIONS TO CUSTOMERS.

Regulator Statement CHARLES SCHWAB & CO. ("SCHWAB") WAS CENSURED, FINED \$5,000 AND ORDERED TO CONDUCT AN EDUCATIONAL UNDERTAKING FOR APPROPRIATE SCHWAB EMPLOYEES TO REVIEW WITH EXCHANGE STAFF THE REQUIREMENTS OF EXCHANGE RULE 9.21 COMMUNICATIONS TO CUSTOMERS FOR THE FOLLOWING CONDUCT. IN OR ABOUT OCTOBER 2004, ON AT LEAST 7 DAYS, SCHWAB MADE AN OPTION STRATEGY ARTICLE AVAILABLE TO THE PUBLIC VIA ITS WEBSITE THAT FAILED TO CONTAIN REQUIRED TAX ADVISORY DISCLOSURES, WHICH DISCLOSURES WERE A CONDITION OF THE ARTICLE'S PRE-APPROVAL BY THE EXCHANGE. ALSO, IN OR ABOUT OCTOBER 2004, ON AT LEAST 21 DAYS, SCHWAB MADE AN OPTIONS SEMINAR AVAILABLE TO THE PUBLIC VIA WEB CAST THAT FAILED TO CONTAIN A HYPERLINK TO THE SIPC WEBSITE AS REQUIRED BY SIPC BY-LAWS, EVEN WHEN THE MATERIAL PRE-APPROVED BY THE EXCHANGE CONTAINED THE HYPERLINK. ALSO, ON OR ABOUT FEBRUARY 9, 2005, SCHWAB DISSEMINATED TO NUMEROUS CUSTOMERS VIA E-MAIL AN OPTION RELATED ADVERTISEMENT THAT FAILED TO INCORPORATE REQUIRED BALANCE AFTER BEING REQUIRED BY THE EXCHANGE TO ADD SUCH BALANCE AS A CONDITION OF EXCHANGE PRE-APPROVAL. IN ADDITION, DURING ALL RELEVANT PERIODS HEREIN, SCHWAB FAILED TO ENSURE THAT THE CONTENT OF THESE COMMUNICATIONS WAS CONSISTENT WITH EXCHANGE APPROVAL WHEN SCHWAB ULTIMATELY DISSEMINATED THE COMMUNICATIONS. (CBOE RULES 4.2 ADHERENCE TO LAW, 9.8 SUPERVISION OF ACCOUNTS, 9.21 COMMUNICATIONS TO CUSTOMERS)

Reporting Source: Firm



Current Status:	Final
Allegations:	ALLEGED VIOLATION OF EXCHANGE RULE 9.21(A)(I) AND INTERPRETATIONS AND POLICIES .01 AND .02 IN THAT SCHWAB DISSEMINATED COMMUNICATIONS THAT WERE IN CONTRAVENTION OF THE REQUIREMENTS OF EXCHANGE RULE 9.21(A)(I) AND INTERPRETATIONS AND POLICIES .01 AND .02; VIOLATION OF EXCHANGE RULES 4.2, 9.8 AND 9.21(C) IN THAT SCHWAB FAILED TO ENSURE THAT THE CONTENT OF THE COMMUNICATIONS WAS CONSISTENT WITH EXCHANGE APPROVAL WHEN SCHWAB ULTIMATELY DISSEMINATED THESE COMMUNICATIONS.
Initiated By:	CBOE
Date Initiated:	09/19/2005
Docket/Case Number:	05-0042
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	
Resolution:	Decision & Order of Offer of Settlement
Resolution Date:	12/15/2005
Sanctions Ordered:	Censure Monetary/Fine \$5,000.00
Other Sanctions Ordered:	EDUCATIONAL UNDERTAKING FOR APPROPRIATE SCHWAB EMPLOYEES TO REVIEW WITH EXCHANGE STAFF THE REQUIREMENTS OF EXCHANGE RULE 9.21.
Sanction Details:	EDUCATIONAL UNDERTAKING FOR APPROPRIATE SCWAB EMPLOYEES TO REVIEW WITH EXCHANGE STAFF THE REQUIREMENTS OF EXCHANGE RULE 9.21.

Disclosure 33 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	**9/28/05**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:



1.VIOLATED EXCHANGE RULE 410A BY FAILING TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS IN RESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY THE EXCHANGE;2.VIOLATED EXCHANGE RULE 401 BY FAILING TO ADHERE TO THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN THE CONDUCT OF THEIR BUSINESS AFFAIRS IN THAT IT SUBMITTED INACCURATE TRADING INFORMATION ON ELECTRONIC BLUE SHEETS IN RESPONSE TO ONE OR MORE REQUESTS FOR SUCH INFORMATION BY THE EXCHANGE; AND 3.VIOLATED EXCHANGE RULES 342 BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SYSTEMS AND PROCEDURES FOR THE SUPERVISION AND CONTROL OF AREAS RESPONSIBLE FOR COMPLYING WITH ELECTRONIC BLUE SHEET REPORTING REQUIREMENTS, AND FAILED TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO REASONABLY ENSURE COMPLIANCE WITH EXCHANGE RULES RELATING TO THE PREPARATION AND SUBMISSION OF ELECTRONIC BLUE SHEETS.

STIPULATED SANCTION: THE IMPOSITION BY THE EXCHANGE OF A CENSURE, A \$300,000 FINE AND A REQUIREMENT THAT RESPONDENT WILL CONDUCT A VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS IN ACCORDANCE WITH ISG REGULATORY MEMORANDUM, ISG 2005-01.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 09/28/2005

Docket/Case Number: HPD #05-156

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 02/17/2006

Sanctions Ordered: Censure
Monetary/Fine \$300,000.00

Other Sanctions Ordered:

Sanction Details: **1/5/06**DECISION 05-156 ISSUED BY NYSE HEARING PANEL
DECISION: VIOLATED NYSE RULE 410A BY FAILING TO SUBMIT ACCURATE TRADING INFORMATION THROUGH THE SUBMISSION OF ELECTRONIC BLUE SHEETS; VIOLATED NYSE RULE 401 BY SUBMITTING INACCURATE



TRADING INFORMATION ON ELECTRONIC BLUE SHEETS; VIOLATED NYSE RULE 342 BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE SYSTEMS AND PROCEDURES FOR THE SUPERVISION AND CONTROL OF AREAS RESPONSIBLE FOR COMPLYING WITH ELECTRONIC BLUE SHEET REPORTING REQUIREMENTS AND FAILING TO ESTABLISH A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW TO REASONABLY ENSURE COMPLIANCE WITH NYSE RULES RELATING TO THE PREPARATION AND SUBMISSION OF ELECTRONIC BLUE SHEETS. CONSENT TO CENSURE, FINE OF \$300,000, AND A REQUIREMENT TO CONDUCT VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS, AND UNDERTAKING TO INFORM NYSE IN WRITING THAT VALIDATION HAS BEEN COMPLETED.

Regulator Statement

****2/17/06****DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT:PEGGY GERMINO 212-656-8450

Reporting Source: Firm

Current Status: Final

Allegations: SUBMISSIONS OF INACCURATE ELECTRONIC BLUE SHEETS IN VIOLATION OF EXCHANGE RULES 410A & 401 AND THE FAILURE TO PROPERLY SUPERVISE THE PREPARATION OF ITS BLUE SHEET SUBMISSIONS IN VIOLATION OF EXCHANGE RULE 342.

Initiated By: NEW YORK STOCK EXCHANGE

Date Initiated: 08/26/2005

Docket/Case Number: 05-156

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Stipulation and Consent

Resolution Date: 01/05/2006

Sanctions Ordered: Censure
Monetary/Fine \$300,000.00

Other Sanctions Ordered: CENSURE, FINE AND THE FIRM IS TO CONDUCT A VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS AND NOTIFY THE NYSE IN WRITING THAT THAT FIRM HAS COMPLETED THE VALIDATION.



Sanction Details: CENSURE, FINE AND THE FIRM IS TO CONDUCT A VALIDATION OF ALL REQUIRED BLUE SHEET DATA ELEMENTS AND NOTIFY THE NYSE IN WRITING THAT THAT FIRM HAS COMPLETED THE VALIDATION.

Disclosure 34 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: **8/5/05**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT.CONSENT TO FINDINGS: AS SET FORTH IN THE STIPULATION OF FACTS AND CONSENT TO PENALTY, THE FIRM, WITHOUT ADMITTING OR DENYING GUILT,VIOLATED EXCHANGE RULES 342(A) AND (B) IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO CERTAIN BUSINESS ACTIVITIES RELATING TO PROTECTION OF CUSTOMER ASSETS IN ACCOUNTS MANAGED BY NON-EMPLOYEE INVESTMENT ADVISORS AND CARRIED BY THE FIRM; AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 17A-4(B)(4) AND 17A-4(F) THEREUNDER AND EXCHANGE RULE 440 BY FAILING TO PRESERVE AND MAINTAIN CERTAIN ELECTRONIC COMMUNICATIONS IN THE REQUIRED FORMAT AND FOR THE REQUIRED RETENTION PERIODS. THE FIRM HAS CONSENTED TO A CENSURE, A FINE OF \$1 MILLION AND AN UNDERTAKING TO HIRE AN OUTSIDE CONSULTANT TO REVIEW ITS POLICIES AND PROCEDURES WITH RESPECT TO THE FOREGOING.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 08/05/2005

Docket/Case Number: HPD#05-110

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 11/17/2005

Sanctions Ordered: Censure
Monetary/Fine \$1,000,000.00

**Other Sanctions Ordered:****Sanction Details:**

****10/17/05****DECISION 05-110 ISSUED BY NYSE HEARING PANEL. DECISION: AS SET FORTH IN THE HEARING PANEL DECISION, WHICH WAS BASED ON A STIPULATION OF FACTS AND CONSENT TO PENALTY, THE FIRM, WITHOUT ADMITTING OR DENYING GUILT, VIOLATED EXCHANGE RULES 324(A) AND (B) BY FAILING TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL WITH RESPECT TO DISBURSEMENT OF CUSTOMER ASSETS FROM FIRM ACCOUNTS MANAGED BY NON-EMPLOYEE INVESTMENT ADVISORS AND BY FAILING TO PROTECT CUSTOMER ASSETS IN THOSE ACCOUNTS; VIOLATED SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 17A-4(B)(4) AND 17A-4(F) THEREUNDER AND EXCHANGE RULE 440 BY FAILING TO PRESERVE AND MAINTAIN ELECTRONIC COMMUNICATIONS IN THE REQUIRED FORMAT AND FOR THE REQUIRED RETENTION PERIODS. THE FIRM CONSENTED TO A CENSURE, A FINE OF \$1 MILLION AND AN UNDERTAKING TO HIRE AN OUTSIDE CONSULTANT TO PROVIDE RECOMMENDATIONS ON MEASURES TO BE TAKEN TO PREVENT FUTURE MISAPPROPRIATION.

Regulator Statement

****11/17/05****THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY. CONTACT EVELYN KRIEGEL AT 212-656-6444

Reporting Source:

Firm

Current Status:

Final

Allegations:

****8/5/05****STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT. THE FIRM, WITHOUT ADMITTING OR DENYING GUILT, VIOLATED EXCHANGE RULES 342(A) AND (B) IN THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN APPROPRIATE PROCEDURES FOR SUPERVISION AND CONTROL, INCLUDING A SEPARATE SYSTEM OF FOLLOW-UP AND REVIEW, WITH RESPECT TO ACCOUNTS MANAGED BY NON-EMPLOYEE INVESTMENT ADVISORS AND CARRIED BY THE FIRM; AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES 17A-4(B)(4) AND 17A-4(F) THEREUNDER AND EXCHANGE RULE 440 BY FAILING TO PRESERVE AND MAINTAIN CERTAIN ELECTRONIC COMMUNICATIONS IN THE REQUIRED FORMAT AND FOR THE REQUIRED RETENTION PERIODS. THE FIRM HAS CONSENTED TO A CENSURE, A FINE OF \$1 MILLION AND AN UNDERTAKING TO HIRE AN OUTSIDE CONSULTANT TO REVIEW ITS POLICIES AND PROCEDURES WITH RESPECT TO THE FOREGOING.

Initiated By:

NEW YORK STOCK EXCHANGE

Date Initiated:

08/05/2005



Docket/Case Number:	HPD#05-110
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:	APPOINTMENT OF A CONSULTANT TO REVIEW POLICIES AND PROCEDURES.
Resolution:	Stipulation and Consent
Resolution Date:	11/17/2005
Sanctions Ordered:	Censure Monetary/Fine \$1,000,000.00
Other Sanctions Ordered:	SCHWAB ALSO UNDERTOOK : (A) TO RETAIN AN OUTSIDE CONSULTANT TO CONDUCT A REVIEW OF ITS POLICIES AND PROCEDURES WITH RESPECT TO THE DISBURSEMENT OF FUNDS FROM ACCOUNTS MANAGED BY INVESTMENT ADVISERS; (B) TO HAVE THE CONSULTANT PROVIDE A REPORT TO THE NYSE'S DIVISION OF ENFORCEMENT WITHIN 120 DAYS OF THE DATE OF THE DECISION BECOMES FINAL AND (C) TO SUBMIT TO THE NYSE A WRITTEN REPRESENTATION SETTING FORTH THE IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE CONSULTANT'S REPORT WITHIN 60 DAYS OF THE REPORT'S ISSUANCE.
Sanction Details:	N/A
Firm Statement	WITHOUT ADMITTING OR DENYING GUILT, SCHWAB CONSENTED TO THE STIPULATION THAT IT VIOLATED THE FOREGOING RULES AND REGULATIONS. AS PART OF THE STIPULATION, SCHWAB CONSENTED TO A CENSURE, A FINE OF \$1 MILLION. SCHWAB ALSO UNDERTOOK : (A) TO RETAIN AN OUTSIDE CONSULTANT TO CONDUCT A REVIEW OF ITS POLICIES AND PROCEDURES WITH RESPECT TO THE DISBURSEMENT OF FUNDS FROM ACCOUNTS MANAGED BY INVESTMENT ADVISERS; (B) TO HAVE THE CONSULTANT PROVIDE A REPORT TO THE NYSE'S DIVISION OF ENFORCEMENT WITHIN 120 DAYS OF THE DATE OF THE DECISION BECOMES FINAL AND (C) TO SUBMIT TO THE NYSE A WRITTEN REPRESENTATION SETTING FORTH THE IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE CONSULTANT'S REPORT WITHIN 60 DAYS OF THE REPORT'S ISSUANCE.

Disclosure 35 of 56

Reporting Source: Regulator

Current Status: Final



Allegations: MSRB RULE G-14, G27, NASD RULES 2110, 3010, 6955(A)- MEMBER FIRM SUBMITTED TO THE ORDER AUDIT TRAIL SYSTEM (OATS) REPORTS WITH RESPECT TO EQUITY SECURITIES TRADED ON THE NASDAQ STOCK MARKET THAT WERE NOT IN THE ELECTRONIC FORM PRESCRIBED BY NASD AND WERE REPAIRABLE IN THAT THE REPORTS WERE REJECTED BY OATS AND NOTICE OF SUCH REJECTION WAS MADE AVAILABLE TO THE FIRM ON THE OATS WEBSITE BUT THE FIRM FAILED TO CORRECT OR REPLACE ANY OF THE REPORTS; INCORRECTLY REPORTED TO THE MSRB TRANSACTIONS IN MUNICIPAL SECURITIES THAT HAD PREVIOUSLY BEEN REPORTED TO THE MSRB; THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS, AND THE RULES OF NASD, CONCERNING OATS OR MSRB TRADE REPORTING.

Initiated By: NASD

Date Initiated: 01/28/2005

Docket/Case Number: [CLG050002](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/28/2005

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 \$17,500.00

Other Sanctions Ordered: UNDERTAKING: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO OATS OR MSRB TRADE REPORTING WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC.

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CHARLES SCHWAB & CO., INC., CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE



ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$17,500.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: DURING 2002 AND 2003, SCHWAB FAILED TO CORRECT AND REPAIR 9,637 OATS REPORTS THAT WERE REJECTED BY THE OATS SYSTEMS IN VIOLATION OF NASD MARKETPLACE RULE 6955(A) AND CONDUCT RULE 2110.

IN 2003, SCHWAB INCORRECTLY REPORTED TO THE MSRB 720 TRANSACTIONS IN MUNICIPAL SECURITIES THAT HAD PREVIOUSLY BEEN REPORTED. AS A RESULT, SCHWAB OVER REPORTED 720 TRADES IN VIOLATION OF MSRB RULE G-14.

THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH NASD CONDUCT RULES 2110 AND 3010, AND MSRB RULE G-27.

Initiated By: NASD

Date Initiated: 12/16/2004

Docket/Case Number: AWC CLG050002

Principal Product Type: Equity - OTC

Other Product Type(s): DEBT - MUNICIPAL

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/30/2005

Sanctions Ordered: Censure
Monetary/Fine \$17,500.00

Other Sanctions Ordered: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH RESPECT TO OATS AND MUNICIPAL TRADE REPORTING.

Sanction Details: REVISE THE FIRM'S WRITTEN SUPERVISORY PROCEDURES WITH



RESPECT TO OATS AND MUNICIPAL TRADE REPORTING.

Disclosure 36 of 56

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>THE SEC FOUND THAT FROM AT LEAST JANUARY 2001 THROUGH OCTOBER 2003, SCHWAB ENGAGED IN A PRACTICE THAT ENABLED CERTAIN MUTUAL FUND SHAREHOLDERS TO PLACE MUTUAL FUND ORDERS AFTER THE TIME THE FUNDS CALCULATED THEIR NET ASSET VALUES ("NAV") FOR THAT DAY. SPECIFICALLY, SCHWAB ALLOWED CLIENTS OF INVESTMENT ADVISORS TO PLACE SUBSTITUTE MUTUAL FUND ORDERS AFTER 4:00 P.M. EASTERN TIME ("ET"), THE TIME AS OF WHICH THOSE FUNDS CALCULATED THEIR NAV. THE ORDER SUBSTITUTIONS WERE PERMITTED WHEN ONE OF THESE CLIENT'S ORIGINAL PRE-4:00 P.M. ET MUTUAL FUND ORDERS WAS REJECTED BY SCHWAB'S COMPUTER SYSTEM BECAUSE IT COULD NOT BE PROCESSED AS SUBMITTED. THE SEC FOUND THAT THIS PRACTICE VIOLATED RULE 22C-1(A) UNDER THE INVESTMENT COMPANY ACT AND SCHWAB'S OWN INTERNAL POLICY REQUIRING ANY ORDERS SCHWAB RECEIVED AFTER 4:00 P.M. ET TO GET THE NEXT DAY'S FUND PRICE. THESE SUBSTITUTE ORDERS WERE NOT MADE PURSUANT TO ANY IMPROPER AGREEMENTS BETWEEN SCHWAB PERSONNEL AND THE INVESTMENT ADVISOR OR THE INVESTMENT ADVISOR'S CLIENTS.</p>
Initiated By:	U.S. SECURITIES EXCHANGE COMMISSION
Date Initiated:	09/03/2003
Docket/Case Number:	3-11648
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	<p>THE SEC IMPOSED ON SCHWAB THE FOLLOWING SANCTIONS: (1) THAT SCHWAB CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 22C-1(A) UNDER THE INVESTMENT COMPANY ACT; (2) CENSURE OF SCHWAB; AND (3) IMPOSITION A CIVIL MONEY PENALTY IN THE AMOUNT OF \$350,000.</p>
Resolution:	Settled
Resolution Date:	09/14/2004



Sanctions Ordered:	Censure Monetary/Fine \$350,000.00 Cease and Desist/Injunction
Other Sanctions Ordered:	(1) THAT SCHWAB CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF RULE 22C-1(A) UNDER THE INVESTMENT COMPANY ACT; (2) CENSURE OF SCHWAB; AND (3) IMPOSITION A CIVIL MONEY PENALTY IN THE AMOUNT OF \$350,000.
Sanction Details:	\$350,000.00 FINE
Firm Statement	SCHWAB CONSENTED TO ENTRY OF THE ORDER WITHOUT ADMITTING OR DENYING THE SEC'S FINDINGS MADE IN THE ORDER.

Disclosure 37 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	MSRB RULES G-17, G-30(A) - CHARLES SCHWAB & CO., INC. RECEIVED REQUESTS FROM PUBLIC CUSTOMERS TO LIQUIDATE SIX DIFFERENT MUNICIPAL SECURITY POSITIONS AND CONTACTED A BROKER'S BROKER AND OBTAINED BIDS FOR THE CUSTOMERS' SECURITIES. BASED ON THE BIDS PROVIDED BY THE BROKER'S BROKER, CHARLES SCHWAB PURCHASED THE SECURITIES FROM THE CUSTOMERS FOR ITS OWN ACCOUNT AND SOLD THE SECURITIES TO THE BROKER'S BROKER AT A NOMINAL GAIN. IN ALL SIX INSTANCES, THE PRICES PAID TO THE CUSTOMERS AND RECEIVED BY THE FIRM WERE BELOW THE FAIR MARKET VALUE FOR THE SECURITY IN AMOUNTS RANGING FROM 6.57% TO 38.57%. BY RELYING SOLELY ON THE BIDS PROVIDED BY THE BROKER'S BROKER TO DETERMINE THE FAIR MARKET VALUE OF THE SECURITY, CHARLES SCHWAB FAILED TO ENSURE THAT THE TRANSACTIONS WERE EXECUTED AT AGGREGATE PRICES THAT WERE FAIR AND REASONABLE.
Initiated By:	NASD
Date Initiated:	06/28/2004
Docket/Case Number:	C05040042
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: 06/28/2004

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 \$30,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CHARLES SCHWAB & CO., INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM WAS CENSURED, FINED \$30,000, AND REQUIRED TO PAY \$30,869.25, PLUS INTEREST, IN RESTITUTION TO THE CUSTOMER. SATISFACTORY PROOF OF PAYMENT OF THE RESTITUTION SHALL BE PROVIDED TO NASD NO LATER THAN 90 DAYS AFTER ACCEPTANCE OF THE AWC. THE FIRM SHALL ALSO PROVIDE NASD, WITHIN 90 DAYS OF ACCEPTANCE OF THIS AWC, A COPY OF ITS UPDATED WRITTEN SUPERVISORY PROCEDURES AS THEY RELATE TO THE DETERMINATION OF THE FAIR MARKET VALUE OF MUNICIPAL SECURITIES BEING BOUGHT OR SOLD FROM A PUBLIC CUSTOMER.

Reporting Source: Firm

Current Status: Final

Allegations: APPLICANT VIOLATED MSRB RULES G-17, G-30(A) WHEN IT RELIED SOLELY ON THE BIDS PROVIDED BY A BROKER'S BROKER TO DETERMINE THE FAIR MARKET VALUE IN THE LIQUIDATION OF SIX MUNICIPAL SECURITY POSITIONS FOR CUSTOMERS. THE PRICES PAID TO THE CUSTOMERS AND RECEIVED BY THE APPLICANT WERE BELOW THE FAIR MARKET VALUE FOR THE SECURITY IN AMOUNTS RANGING FROM 6.57% TO 38.57%. THE APPLICANT FAILED TO ENSURE THAT THE TRANSACTIONS WERE EXECUTED AT AGGREGATE PRICES THAT WERE FAIR AND REASONABLE.

Initiated By: NASD

Date Initiated: 06/28/2004



Docket/Case Number: C05040042

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$30,000 AND RESTITUTION OF \$30,869.25, PLUS INTEREST TO THE CUSTOMERS

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/28/2004

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00
Disgorgement/Restitution

Other Sanctions Ordered: UNDERTAKING

Sanction Details:

EFFECTIVE JUNE 28, 2004, THE NASD APPROVED A LETTER OF ACCEPTANCE, WAIVER, AND CONSENT ("AWC") FROM THE APPLICANT. WITHOUT ADMITTING OR DENYING GUILT, THE APPLICANT CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DURING THE PERIOD AUGUST 14, 2002 THROUGH MARCH 25, 2003 THE APPLICANT VIOLATED MSRB RULES G-17, G-30(A) WHEN IT RELIED SOLELY ON THE BIDS PROVIDED BY A BROKER'S BROKER TO DETERMINE THE FAIR MARKET VALUE IN THE LIQUIDATION OF SIX MUNICIPAL SECURITY POSITIONS FOR CUSTOMERS. THE PRICES PAID TO THE CUSTOMERS AND RECEIVED BY THE APPLICANT WERE BELOW THE FAIR MARKET VALUE FOR THE SECURITY IN AMOUNTS RANGING FROM 6.57% TO 38.57%. THE APPLICANT FAILED TO ENSURE THAT THE TRANSACTIONS WERE EXECUTED AT AGGREGATE PRICES THAT WERE FAIR AND REASONABLE.

AS PART OF THE AWC, THE APPLICANT AGREED TO A CENSURE AND A FINE OF \$30,000, AND WAS REQUIRED TO PAY \$30,869.25, PLUS INTEREST, IN RESTITUTION TO THE CUSTOMERS. THE APPLICANT WILL PROVIDE A COPY OF ITS UPDATED WRITTEN SUPERVISORY PROCEDURES AS THEY RELATE TO THE DETERMINATION OF THE FAIR MARKET VALUE OF MUNICIPAL SECURITIES BEING BOUGHT OR SOLD FROM A PUBLIC CUSTOMER TO THE NASD WITHIN 90 DAYS OF THE ACCEPTANCE OF THE AWC.

Disclosure 38 of 56

Reporting Source: Regulator



Current Status: Final

Allegations: **6/14/04**STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS: THAT THE FIRM:1.VIOLATED EXCHANGE RULE 346(F) BY HAVING PERSONS ASSOCIATED WITH IT, WITHOUT PERMISSION OF THE EXCHANGE, THAT THE FIRM KNEW, OR THROUGH THE EXERCISE OF REASONABLE CARE SHOULD HAVE KNOWN, WERE SUBJECT TO STATUTORY DISQUALIFICATION.2.VIOLATED EXCHANGE RULE 351(A)(5) BY FAILING TO PROMPTLY REPORT TO THE EXCHANGE CERTAIN ARRESTS, ARRAIGNMENTS, INDICTMENTS, CONVICTIONS, GUILTY PLEAS, AND/OR NO CONTEST PLEAS TO CRIMINAL OFFENSES, OTHER THAN MINOR TRAFFIC VIOLATIONS OF EMPLOYEES.3.VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY SUPERVISE ITS BUSINESS IN ORDER TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND EXCHANGE RULES RELATING TO ASSOCIATIONS WITH STATUTORILY DISQUALIFIED INDIVIDUALS AND REPORTING TO THE EXCHANGE OF EVENTS RELATED TO EMPLOYEE CRIMINAL MATTERS.
STIPULATED SANCTION:A CENSURE, A FINE OF \$250,000, AND AN UNDERTAKING.

Initiated By: NEW YORK STOCK EXCHANGE DIVISION OF ENFORCEMENT

Date Initiated: 06/14/2004

Docket/Case Number: HPD#: 04-114

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 08/13/2004

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: **7/8/04**DECISION 04-114 ISSUED BY NYSE HEARING PANEL.
DECISION:VIOLATED EXCHANGE RULE 346(F) BY EMPLOYING PERSONS WITH STATUTORY DISQUALIFICATIONS; VIOLATED EXCHANGE RULE 351(A)(5) BY FAILING TO PROMPTLY REPORT CRIMINAL MATTERS CONCERNING EMPLOYEES TO THE EXCHANGE; VIOLATED EXCHANGE



RULE 342 BY FAILING TO REASONABLY SUPERVISE COMPLIANCE WITH RULES CONCERNING STATUTORILY DISQUALIFIED INDIVIDUALS - CONSENT TO CENSURE, \$250,000 FINE, AND REQUIREMENT TO REFORM PROCEDURES CONCERNING HIRING OF INDIVIDUALS SUBJECT TO STATUTORY DISQUALIFICATION.

Regulator Statement

****8/13/04****THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT: MICHELE VAN TASSEL 212-656-5340

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE APPLICANT: 1. VIOLATED EXCHANGE RULE 346(F) BY HAVING PERSONS ASSOCIATED WITH IT, WITHOUT PERMISSION OF THE EXCHANGE, THAT THE FIRM KNEW, OR THROUGH THE EXERCISE OF REASONABLE CARE SHOULD HAVE KNOWN, WERE SUBJECT TO STATUTORY DISQUALIFICATION. 2. VIOLATED EXCHANGE RULE 351(A)(5) BY FAILING TO PROMPTLY REPORT TO THE EXCHANGE CERTAIN ARRESTS, ARRAIGNMENTS, INDICTMENTS, CONVICTIONS, GUILTY PLEAS, AND/OR NO CONTEST PLEAS TO CRIMINAL OFFENSES, OTHER THAN MINOR TRAFFIC VIOLATIONS OF EMPLOYEES. 3. VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY SUPERVISE ITS BUSINESS IN ORDER TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND EXCHANGE RULES RELATING TO ASSOCIATIONS WITH STATUTORILY DISQUALIFIED INDIVIDUALS AND REPORTING TO THE EXCHANGE OF EVENTS RELATED TO EMPLOYEE CRIMINAL MATTERS.

Initiated By:

NEW YORK STOCK EXCHANGE, INC.

Date Initiated:

06/14/2004

Docket/Case Number:

Principal Product Type:

Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Stipulation and Consent

Resolution Date:

07/08/2004

Sanctions Ordered:

Censure
Monetary/Fine \$250,000.00



Other Sanctions Ordered: UNDERTAKING

Sanction Details:

EFFECTIVE JULY 8, 2004, THE NEW YORK STOCK EXCHANGE APPROVED A STIPULATION OF FACTS AND CONSENT TO PENALTY ("STIPULATION") BETWEEN APPLICANT AND THE NYSE DIVISION OF ENFORCEMENT. WITHOUT ADMITTING TO OR DENYING GUILT, APPLICANT CONSENTED TO THE STIPULATION THAT DURING THE TIME PERIOD BETWEEN APPROXIMATELY FEBRUARY 1997 TO SEPTEMBER 2003 THE APPLICANT: 1. VIOLATED EXCHANGE RULE 346(F) BY HAVING PERSONS ASSOCIATED WITH IT, WITHOUT PERMISSION OF THE EXCHANGE, THAT THE FIRM KNEW, OR THROUGH THE EXERCISE OF REASONABLE CARE SHOULD HAVE KNOWN, WERE SUBJECT TO STATUTORY DISQUALIFICATION. 2. VIOLATED EXCHANGE RULE 351(A)(5) BY FAILING TO PROMPTLY REPORT TO THE EXCHANGE CERTAIN ARRESTS, ARRAIGNMENTS, INDICTMENTS, CONVICTIONS, GUILTY PLEAS, AND/OR NO CONTEST PLEAS TO CRIMINAL OFFENSES, OTHER THAN MINOR TRAFFIC VIOLATIONS OF EMPLOYEES. 3. VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY SUPERVISE ITS BUSINESS IN ORDER TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND EXCHANGE RULES RELATING TO ASSOCIATIONS WITH STATUTORILY DISQUALIFIED INDIVIDUALS AND REPORTING TO THE EXCHANGE OF EVENTS RELATED TO EMPLOYEE CRIMINAL MATTERS.

AS PART OF THE STIPULATION, APPLICANT AGREED TO A CENSURE AND A FINE OF \$250,000. THE APPLICANT WILL RETAIN AN OUTSIDE CONSULTANT WITHIN 30 DAYS OF THE DECISION TO PERFORM A REVIEW AND PREPARE A REPORT. WITHIN 120 DAYS FROM THE DATE THE DECISION BECOMES FINAL, THE CONSULTANT SHALL PROVIDE A REPORT TO THE EXCHANGE'S DIVISION OF ENFORCEMENT AND THE FIRM'S BOARD OF DIRECTORS. WITHIN 60 DAYS OF THE REPORT, THE FIRM SHALL SUBMIT TO THE EXCHANGE A WRITTEN REPRESENTATION SETTING FORTH THE IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THE REPORT.

Disclosure 39 of 56

Reporting Source:

Regulator

Current Status:

Final

Allegations:

CHARLES SCHWAB & CO., INC. VIOLATED EXCHANGE RULE 208 IN THAT THE FIRM ACCEPTED MULTIPLE ODD-LOT ORDERS FOR EXECUTION THROUGH ITS LAYOFF SYSTEM, WHEN SUCH ORDERS SHOULD HAVE BEEN CONSOLIDATED INTO ROUND LOTS; SCHWAB VIOLATED EXCHANGE RULE 320(B) IN THAT THE FIRM FAILED TO HAVE REASONABLE POLICIES OR PROCEDURES IN PLACE DESIGNED TO PREVENT AN ACCOUNT OR RELATED ACCOUNTS FROM ENTERING MULTIPLE ODD-LOT ORDERS



RATHER THAN ONE ROUND LOT ORDER, INTO THE FIRM'S LAYOFF SYSTEM SO AS TO REASONABLY DETECT OR PREVENT THE ENTRY OF MULTIPLE ODD-LOT ORDERS IN AN ABUSIVE MANNER AND ALLOWING THE SAME CUSTOMER TO CIRCUMVENT THE ROUND LOT AUCTION MARKET.

Initiated By: AMERICAN STOCK EXCHANGE

Date Initiated: 03/26/2003

Docket/Case Number: 02-28

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: CHARLES SCHWAB & CO., INC. ALSO RECEIVED A CENSURE

Resolution: Settled

Resolution Date: 05/15/2003

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: FOR THIS MISCONDUCT SCHWAB WAS CENSURED AND FINED \$20,000.00. THE FINE WAS PAID BY SCHWAB ON JUNE 18, 2003

Regulator Statement PLEASE CONTACT THE ENFORCEMENT DEPARTMENT OF THE AMERICAN STOCK EXCHANGE FOR FURTHER DETAILS.

Reporting Source: Firm

Current Status: Final

Allegations: THE FIRM VIOLATED: (1) EXCHANGE RULE 208 IN THAT IT ACCEPTED MULTIPLE ODD-LOT ORDERS FOR EXECUTION THROUGH ITS LAYOFF SYSTEM, WHEN SUCH ORDERS SHOULD HAVE BEEN CONSOLIDATED INTO ROUND LOTS; AND (2) EXCHANGE RULE 320(B) IN THAT IT FAILED TO HAVE



REASONABLE POLICIES AND PROCEDURES IN PLACE DESIGNED TO DETECT OR PREVENT AN ACCOUNT OR RELATED ACCOUNTS FROM ENTERING MULTIPLE ODD-LOT ORDERS RATHER THAN ONE ROUND LOT ORDER, INTO THE FIRM'S LAYOFF SYSTEM SO AS TO REASONABLY DETECT OR PREVENT THE ENTRY OF MULTIPLE ODD-LOT ORDERS IN AN ABUSIVE MANNER AND ALLOWING THE SAME CUSTOMER TO CIRCUMVENT THE ROUND LOT AUCTION MARKET.

Initiated By: AMERICAN STOCK EXCHANGE, LLC

Date Initiated: 04/21/2003

Docket/Case Number: CASE NO. 02-28

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

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$20,000

Resolution: Stipulation and Consent

Resolution Date: 05/15/2003

Sanctions Ordered: Censure
Monetary/Fine \$20,000.00

Other Sanctions Ordered:

Sanction Details: EFFECTIVE MAY 15, 2003, THE AMERICAN STOCK EXCHANGE, LLC ("AMEX") APPROVED A STIPULATION OF FACTS AND CONSENT TO PENALTY ("STIPULATION"). WITHOUT ADMITTING OR DENYING GUILT, APPLICANT CONSENTED TO FINDINGS BY THE AMEX THAT APPLICANT VIOLATED EXCHANGE RULES 208 AND 320(B). AS PART OF THE STIPULATION, APPLICANT AGREED TO CENSURE, AND A \$20,000 FINE.

Disclosure 40 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULE 3110 AND SEC RULE 17A-3 - THE RESPONDENT MEMBER FIRM FAILED TO SHOW THE TIME OF EXECUTION ON THE MEMORANDUM OF BROKERAGE ORDERS. RESPONDENT FIRM ALSO FAILED TO SHOW THE TIME OF ENTRY ON THE MEMORANDUM OF BROKERAGE ORDERS. FURTHERMORE, THE RESPONDENT FIRM FAILED



TO SHOW THE TERMS AND CONDITIONS ON THE MEMORANDUM OF
BROKERAGE ORDER.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 01/14/2003

Docket/Case Number: CMS030003

Principal Product Type: Other

Other Product Type(s): UNKNOWN TYPE OF SECURITIES

**Principal Sanction(s)/Relief
Sought:**

**Other Sanction(s)/Relief
Sought:**

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 01/14/2003

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT
MEMBER CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE
FOLLOWING SANCTIONS: A \$5,000 FINE.

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATIONS OF SEC RULE 17A-3 AND NASD CONDUCT RULE 3110

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

Date Initiated: 12/13/2002

Docket/Case Number: CMS030003 AWC

Principal Product Type: Equity - OTC

Other Product Type(s):

**Principal Sanction(s)/Relief
Sought:**

**Other Sanction(s)/Relief
Sought:** FINE OF \$5000.00



Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 01/13/2003
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered:
Sanction Details: CHARLES SCHWAB & CO INC PAID A FINE OF \$5000.
Firm Statement THE FIRM ACCEPTED AN AWC AND PAID A FINE OF \$5000.

Disclosure 41 of 56

Reporting Source: Regulator
Current Status: Final
Allegations: NASD RULES 2110, 4632(A) - WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE FIRM CONSENTED TO THE FINDINGS THAT IT FAILED, WITHIN 90 SECONDS AFTER EXECUTION, TO TRANSMIT THROUGH AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT), LAST SALE REPORTS OF TRANSACTIONS IN NASDAQ NATIONAL MARKET LAST SALE REPORTS OF TRANSACTIONS, AND FAILED TO DESIGNATE THROUGH ACT SUCH LAST SALE REPORTS AS LATE WHICH CONSTITUTES A PATTERN AND PRACTICE OF LATE REPORTING WITHOUT EXCEPTIONAL CIRCUMSTANCES..
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 10/02/2001
Docket/Case Number: CMS010149
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 10/02/2001
Sanctions Ordered: Monetary/Fine \$2,500.00
Other Sanctions Ordered:
Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CHARLES SCHWAB



& CO., INC. CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS FINED \$2,500.

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE ALLEGEDLY VIOLATED NASD MARKETPLACE RULE 4632(A) AND NASD CONDUCT RULE 2110.
Initiated By:	NASD REGULATION, INC.
Date Initiated:	05/23/2001
Docket/Case Number:	CMS010149 AWC
Principal Product Type:	Equity - OTC
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	FINE OF \$2500
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	10/01/2001
Sanctions Ordered:	Monetary/Fine \$2,500.00
Other Sanctions Ordered:	
Sanction Details:	CHARLES SCHWAB & CO., INC. PAID A FINE OF \$2500.
Firm Statement	THE FIRM ACCEPTED AN AWC AND PAID A FIND OF \$2500.

Disclosure 42 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	**07/20/2000** STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING. CONSENTED TO FINDINGS: A.FINDINGS BY THE HEARING PANEL THAT THE FIRM VIOLATED: (1)EXCHANGE RULE 402(A) AND REGULATION 240.15C3-3(E), PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT: (A) FAILED TO MAINTAIN ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AT THE LEVELS REQUIRED



BY THE REGULATION ON FOUR OCCASIONS DURING THE PERIOD JANUARY 15 THROUGH JANUARY 29, 1999, BY AMOUNTS RANGING FROM \$45 MILLION TO \$345 MILLION; AND (B) FAILED TO MAINTAIN ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AT THE LEVELS REQUIRED BY THE REGULATION ON EIGHT OCCASIONS DURING THE PERIOD AUGUST 7, 1997 THROUGH FEBRUARY 6, 1998; (2) REGULATION 240.15C3-3, PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT DEPOSITED A NON-QUALIFIED SECURITY INTO ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS RESULTING IN CUSTOMER RESERVE DEFICIENCIES ON EIGHT OCCASIONS DURING THE PERIOD AUGUST 7, 1997 THROUGH FEBRUARY 6, 1998; (3) EXCHANGE RULE 440 AND REGULATIONS 240.17A-3 AND 240.17A-4, PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT FAILED TO MAKE AND/OR PRESERVE ACCURATE BOOKS AND RECORDS RELATING TO THE COMPUTATION OF ITS RESERVE REQUIREMENT; AND (4) EXCHANGE RULE 342 IN THAT IT FAILED, ON ONE OR MORE OCCASIONS, TO REASONABLY SUPERVISE AND CONTROL CERTAIN OF ITS BUSINESS ACTIVITIES WITH RESPECT TO FINANCIAL REPORTING AND CUSTOMER PROTECTION RULES. B. THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF: 1. A CENSURE; 2.3. AN UNDERTAKING THAT, NO LATER THAN THREE MONTHS FROM THE DATE A DECISION RENDERED BY AN EXCHANGE HEARING PANEL ACCEPTING THIS AGREEMENT BECOMES FINAL, THE FIRM WILL: **CONTINUED IN #12C

Initiated By: NYSE DIVISION OF ENFORCEMENT

Date Initiated: 07/20/2000

Docket/Case Number: HPD# 00-135

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 09/29/2000

Sanctions Ordered: Censure
Monetary/Fine \$300,000.00

Other Sanctions Ordered:

**Sanction Details:**

(A) COMPLETE AN APPROPRIATE REVIEW AND REPORT, BY A CONSULTANT NOT UNACCEPTABLE TO THE EXCHANGE, ON THE FIRM'S CURRENT SUPERVISORY SYSTEMS AND PROCEDURES REGARDING TRUNCATIONS OCCURRING IN FIRM REPORTS UTILIZED BY THE FIRM'S REGULATORY ACCOUNTING AND REPORTING DEPARTMENT (THE "REPORT"), WHICH REPORT SHALL RECOMMEND ANY CHANGES IN SYSTEMS AND PROCEDURES, IF NECESSARY, TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND EXCHANGE RULES AND TO PREVENT RECURRENCE OF VIOLATIONS OF THE SORT FOUND BY THE HEARING PANEL; (B) ADOPT AND IMPLEMENT ANY RECOMMENDATION OF THE REPORT NOT ALREADY ADOPTED AND IMPLEMENTED; (C) PROVIDE A COPY OF THE REPORT TO THE EXCHANGE DETAILING WHAT CHANGES HAVE BEEN IMPLEMENTED SINCE JANUARY 1, 1999 TO PREVENT RECURRENCE OF THE VIOLATIONS DESCRIBED IN THIS STIPULATION AND CONSENT, ALONG WITH AN AFFIRMATION BY THE PREPARER(S) OF THE REPORT THAT THE CHANGES DESCRIBED IN THE REPORT AND RECOMMENDATIONS FOR FURTHER CHANGES, IF ANY, HAVE BEEN FULLY IMPLEMENTED AND PROVIDE COPIES OF THE REPORT TO THE FIRM'S CHIEF EXECUTIVE OFFICER AND MEMBERS OF ITS BOARD OF DIRECTORS. **08/29/2000** DECISION: VIOLATED EXCHANGE RULE 402(A) AND SEC REG. 240.15C3-3(E) BY FAILING TO MAINTAIN ITS SPECIAL RESERVE BANK ACCOUNT AT REQUIRED LEVELS; VIOLATED SEC REG. 240.15C3-3 BY DEPOSITING A NON-QUALIFIED SECURITY INTO ITS SPECIAL RESERVE BANK ACCOUNT; VIOLATED EXCHANGE RULE 440 AND SEC REGS. 240.17A-3 AND A-4 BY FAILING TO MAKE AND PRESERVE ACCURATE BOOKS AND RECORDS; AND VIOLATED EXCHANGE RULE 342 BY FAILING TO REASONABLY SUPERVISE CERTAIN OF ITS BUSINESS ACTIVITIES. PENALTY IMPOSED OF A CENSURE, \$300,000 FINE AND AN UNDERTAKING.

Regulator Statement

09/29/2000 THE DECISION IS NOW FINAL AND IS EFFECTIVE IMMEDIATELY. CONTACT: PEGGY GERMINO (212) 656-8450.

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE FIRM VIOLATED: (1) EXCHANGE RULE 402(A) AND REGULATION 240.15C3-3(E), PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT: (A) FAILED TO MAINTAIN ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AT THE LEVELS REQUIRED BY THE REGULATION ON FOUR OCCASIONS DURING THE PERIOD JANUARY 15 THROUGH JANUARY 29, 1999, BY AMOUNTS RANGING FROM \$45 MILLION TO \$345 MILLION; AND (B) FAILED TO MAINTAIN ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS AT THE LEVELS REQUIRED BY THE REGULATION



ON EIGHT OCCASIONS DURING THE PERIOD AUGUST 7, 1997 THROUGH FEBRUARY 6, 1998; (2)REGULATION 240.15C3-3, PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT DEPOSITED A NON-QUALIFIED SECURITY INTO ITS SPECIAL RESERVE BANK ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS RESULTING IN CUSTOMER RESERVE DEFICIENCIES ON EIGHT OCCASIONS DURING THE PERIOD AUGUST 7, 1997 THROUGH FEBRUARY 6, 1998;(3)EXCHANGE RULE 440 AND REGULATIONS 240.17A-3 AND 240.17A-4, PROMULGATED PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, IN THAT IT FAILED TO MAKE AND/OR PRESERVE ACCURATE BOOKS AND RECORDS RELATING TO THE COMPUTATION OF ITS RESERVE REQUIREMENT; AND (4) EXCHANGE RULE 342 IN THAT IT FAILED, ON ONE OR MORE OCCASIONS, TO REASONABLY SUPERVISE AND CONTROL CERTAIN OF ITS BUSINESS ACTIVITIES WITH RESPECT TO FINANCIAL REPORTING AND CUSTOMER PROTECTION RULES.

Initiated By: NEW YORK STOCK EXCHANGE, INC.

Date Initiated: 07/20/2000

Docket/Case Number: HPD# 00-135

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent

Resolution Date: 08/29/2000

Sanctions Ordered: Censure
Monetary/Fine \$300,000.00

Other Sanctions Ordered: AN UNDERTAKING (SEE BELOW)

Sanction Details: EFFECTIVE AUGUST 29, 2000, THE NEW YORK STOCK EXCHANGE APPROVED A STIPULATION OF FACTS AND CONSENT TO PENALTY ("STIPULATION") BETWEEN APPLICANT AND THE NYSE DIVISION OF ENFORCEMENT. WITHOUT ADMITTING OR DENYING GUILT, APPLICANT CONSENTED TO FINDINGS BY THE NYSE THAT APPLICANT VIOLATED (A) EXCHANGE RULE 402(A) AND REGULATION 204.15C3-3(E); (B) REGULATION 204.15C3-3; (C) EXCHANGE RULE 440 AND REGULATIONS 204.17A-3 AND 204.17A-4. AS PART OF THE STIPULATION, APPLICANT AGREED TO CENSURE, A \$300,000 FINE, AND AN UNDERTAKING THAT, NO LATER THAN



THREE MONTHS FROM THE DATE A DECISION IS RENDERED BY AN EXCHANGE HEARING PANEL, APPLICANT WILL: (A) COMPLETE AN APPROPRIATE REVIEW AND REPORT, BY A CONSULTANT NOT UNACCEPTABLE TO THE EXCHANGE, ON APPLICANT'S CURRENT SUPERVISORY SYSTEMS AND PROCEDURES REGARDING TRUNCATIONS OCCURRING IN FIRM REPORTS UTILIZED BY APPLICANT'S REGULATORY ACCOUNTING AND REPORTING DEPARTMENT (THE "REPORT"), WHICH REPORT SHALL RECOMMEND ANY CHANGES IN SYSTEMS AND PROCEDURES, IF NECESSARY, TO ENSURE COMPLIANCE WITH FEDERAL SECURITIES LAWS AND EXCHANGE RULES AND TO PREVENT RECURRENCE OF VIOLATIONS OF THE SORT FOUND BY THE EXCHANGE; (B) ADOPT AND IMPLEMENT ANY RECOMMENDATION OF THE REPORT NOT ALREADY ADOPTED AND IMPLEMENTED; (C) PROVIDE A COPY OF THE REPORT TO THE EXCHANGE DETAILING WHAT CHANGES HAVE BEEN IMPLEMENTED SINCE JANUARY 1, 1999 TO PREVENT RECURRENCE OF THE VIOLATIONS FOUND BY THE EXCHANGE AND CONSENT, ALONG WITH AN AFFIRMATION BY THE PREPARER(S) OF THE REPORT THAT THE CHANGES DESCRIBED IN THE REPORT AND RECOMMENDATIONS FOR FURTHER CHANGES, IF ANY, HAVE BEEN FULLY IMPLEMENTED AND PROVIDE COPIES OF THE REPORT TO THE APPLICANT'S CHIEF EXECUTIVE OFFICER AND MEMBERS OF ITS BOARD OF DIRECTORS.

Disclosure 43 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: *12/20/1999*STIPULATION AND CONSENT TO PENALTY FILED BY NYSE DIVISION OF ENFORCEMENT AND PENDING CONSENTED TO FINDINGS:FINDINGS BY THE HEARING PANEL THAT BETWEEN APPROXIMATELY AUGUST 1995 THROUGH JANUARY 1998, IT:
1.VIOLATED EXCHANGE RULE 342 BY:
A)FAILING TO ESTABLISH ADEQUATE PROCEDURES TO SUPERVISE THE OPENING OF AND TRADING IN NEW CUSTOMER ACCOUNTS OPENED BY PHONE PRIOR TO TIMELY RECEIPT OF SIGNED CUSTOMER DOCUMENTS, INCLUDING, AMONG OTHERS, OPTIONS AGREEMENTS, MARGIN AGREEMENTS AND IRA AGREEMENTS;
B)PERMITTING REGISTERED REPRESENTATIVES TO OVERRIDE TRADING RESTRICTIONS ON CUSTOMER ACCOUNTS WITHOUT SUPERVISORY APPROVAL; AND
C) FAILING TO CONDUCT REASONABLE FOLLOW-UP ON SUPERVISORY DEFICIENCIES REGARDING THE NEW CUSTOMER ACCOUNTS BY PHONE PROGRAM, AND 2.VIOLATED EXCHANGE RULE 405(3) INSOFAR AS NUMEROUS CUSTOMER ACCOUNTS OPENED UNDER A NEW ACCOUNTS BY PHONE PROGRAM FAILED TO RECEIVE TIMELY SUPERVISORY



APPROVAL OF CUSTOMER NEW ACCOUNT DOCUMENTS, AND
 3. VIOLATED EXCHANGE RULE 440 AND SEC RULE 17A-3 AND 17A-4 BY: A)
 ROUTINELY ENTERING INACCURATE INFORMATION INTO THE FIRM'S
 INTERNAL COMPUTER SYSTEM INDICATING RECEIPT OF NEW CUSTOMER
 ACCOUNT DOCUMENTATION WHEN SUCH DOCUMENTS HAD NOT YET
 BEEN RECEIVED FOR NEW ACCOUNTS BY PHONE; AND B) FAILING TO
 MAINTAIN REQUIRED NEW ACCOUNT DOCUMENTATION WITH RESPECT TO
 NUMEROUS NEW CUSTOMER ACCOUNTS, AND 4. VIOLATED EXCHANGE
 RULE 351(D) BY FAILING TO PROPERLY CODE AND REPORT
 APPROXIMATELY 192 CUSTOMER COMPLAINTS AS SALES PRACTICE
 RELATED DURING THE PERIOD JANUARY 1996 THROUGH JUNE 1997.
 B. THE IMPOSITION BY THE EXCHANGE OF THE PENALTY OF:
 1. A CENSURE; AND 2. A FINE OF \$250,000.

Initiated By: NYSE DIVISION OF ENFORCEMENT.

Date Initiated: 12/20/1999

Docket/Case Number: HPD#00-22

Principal Product Type: Other

Other Product Type(s):

**Principal Sanction(s)/Relief
Sought:**

**Other Sanction(s)/Relief
Sought:**

Resolution: Decision

Resolution Date: 03/21/2000

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details: *2/10/2000*EVENT: DECISION HPD NO.00-22 - ISSUED BY NYSE HEARING
 PANEL DECISION: VIOLATED RULE 342 BY FAILING TO ESTABLISH
 ADEQUATE PROCEDURES TO SUPERVISE THE OPENING OF AND TRADING
 IN NEW CUSTOMER PHONE ACCOUNTS, BY PERMITTING REGISTERED
 REPRESENTATIVES TO OVERRIDE TRADING RESTRICTIONS AND BY
 FAILING TO CONDUCT REASONABLE FOLLOW-UP ON NEW CUSTOMER
 PHONE ACCOUNTS; VIOLATED RULE 405(3) BY FAILING TO GIVE TIMELY
 SUPERVISORY APPROVAL TO NEW CUSTOMER ACCOUNT DOCUMENTS;
 VIOLATED EXCHANGE RULE 440 AND SEC RULE 17A-3 AND 17A-4 BY
 ENTERING INACCURATE INFORMATION INTO THE FIRM'S COMPUTER
 SYSTEM AND BY FAILING TO MAINTAIN REQUIRED NEW ACCOUNT



DOCUMENTATION; AND VIOLATED RULE 351(D) BY FAILING TO PROPERLY CODE AND REPORT SALES PRACTICE COMPLAINTS. PENALTY IMPOSED OF CENSURE AND \$250,000 FINE.

Regulator Statement

*3/21/2000*THE DECISION IS NOW FINAL AND EFFECTIVE IMMEDIATELY.CONTACT PEGGY GERMINO 212 656-8450.

Reporting Source:

Firm

Current Status:

Final

Allegations:

BETWEEN APPROXIMATELY AUGUST 1995 THROUGH JANUARY 1998, THE APPLICANT: 1.VIOLATED EXCHANGE RULE 342 BY: A)FAILING TO ESTABLISH ADEQUATE PROCEDURES TO SUPERVISE THE OPENING OF AND TRADING IN NEW CUSTOMER ACCOUNTS OPENED BY PHONE PRIOR TO TIMELY RECEIPT OF SIGNED CUSTOMER DOCUMENTS, INCLUDING, AMONG OTHERS, OPTIONS AGREEMENTS, MARGIN AGREEMENTS AND IRA AGREEMENTS; B)PERMITTING REGISTERED REPRESENTATIVES TO OVERRIDE TRADING RESTRICTIONS ON CUSTOMER ACCOUNTS WITHOUT SUPERVISORY APPROVAL; AND C) FAILING TO CONDUCT REASONABLE FOLLOW-UP ON SUPERVISORY DEFICIENCIES REGARDING THE NEW CUSTOMER ACCOUNTS BY PHONE PROGRAM, AND 2.VIOLATED EXCHANGE RULE 405(3) INSOFAR AS NUMEROUS CUSTOMER ACCOUNTS OPENED UNDER A NEW ACCOUNTS BY PHONE PROGRAM FAILED TO RECEIVE TIMELY SUPERVISORY APPROVAL OF CUSTOMER NEW ACCOUNT DOCUMENTS, AND 3. VIOLATED EXCHANGE RULE 440 AND SEC RULE 17A-3 AND 17A-4 BY: A) ROUTINELY ENTERING INACCURATE INFORMATION INTO THE FIRM'S INTERNAL COMPUTER SYSTEM INDICATING RECEIPT OF NEW CUSTOMER ACCOUNT DOCUMENTATION WHEN SUCH DOCUMENTS HAD NOT YET BEEN RECEIVED FOR NEW ACCOUNTS BY PHONE; AND B)FAILING TO MAINTAIN REQUIRED NEW ACCOUNT DOCUMENTATION WITH RESPECT TO NUMEROUS NEW CUSTOMER ACCOUNTS, AND 4.VIOLATED EXCHANGE RULE 351(D) BY FAILING TO PROPERLY CODE AND REPORT APPROXIMATELY 192 CUSTOMER COMPLAINTS AS SALES PRACTICE RELATED DURING THE PERIOD JANUARY 1996 THROUGH JUNE 1997.

Initiated By:

NEW YORK STOCK EXCHANGE, INC.

Date Initiated:

12/20/1999

Docket/Case Number:

#501172

Principal Product Type:

Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:



Other Sanction(s)/Relief Sought:

Resolution: Stipulation and Consent
Resolution Date: 02/10/2000
Sanctions Ordered: Censure
 Monetary/Fine \$250,000.00

Other Sanctions Ordered:

Sanction Details:

ON [FEBRUARY 10, 2000], THE NEW YORK STOCK EXCHANGE ("NYSE") APPROVED A STIPULATION OF FACTS AND CONSENT TO PENALTY ("STIPULATION") BETWEEN APPLICANT AND THE NYSE DIVISION OF ENFORCEMENT WITH REGARD TO CERTAIN DEFICIENCIES IN APPLICANT'S RECORDKEEPING AND SUPERVISORY CONTROLS RELATED TO APPLICANT'S NEW ACCOUNTS BY PHONE PROGRAM ("NABP") AND CERTAIN DEFICIENCIES IN QUARTERLY REPORTING OF CUSTOMER COMPLAINTS.

WITHOUT ADMITTING OR DENYING GUILT, APPLICANT CONSENTED TO FINDINGS THAT DURING THE TIME PERIOD BETWEEN APPROXIMATELY AUGUST, 1995 THROUGH JANUARY, 1998: (A) APPLICANT VIOLATED EXCHANGE RULE 342 BY (I) FAILING TO ESTABLISH ADEQUATE PROCEDURES TO SUPERVISE THE OPENING OF AND TRADING IN NEW CUSTOMER PHONE ACCOUNTS PRIOR TO TIMELY RECEIPT OF SIGNED CUSTOMER DOCUMENTS, INCLUDING, AMONG OTHERS, OPTIONS AGREEMENTS, MARGIN AGREEMENTS AND IRA AGREEMENTS, (II) PERMITTING REGISTERED REPRESENTATIVES TO OVERRIDE TRADING RESTRICTIONS ON CUSTOMER ACCOUNTS WITHOUT SUPERVISORY APPROVAL, AND (III) FAILING TO CONDUCT REASONABLE FOLLOW-UP ON SUPERVISORY DEFICIENCIES REGARDING NABP; (B) APPLICANT VIOLATED EXCHANGE RULE 405(3) INSOFAR AS NUMEROUS CUSTOMER ACCOUNTS OPENED UNDER NABP FAILED TO RECEIVE TIMELY SUPERVISORY APPROVAL OF NEW CUSTOMER ACCOUNT DOCUMENTS; AND (C) APPLICANT VIOLATED EXCHANGE RULE 440 AND SEC RULES 17A-3 AND 17A-4 BY (I) ROUTINELY ENTERING INACCURATE INFORMATION INTO APPLICANT'S COMPUTER SYSTEM INDICATING RECEIPT OF NEW CUSTOMER ACCOUNT DOCUMENTATION WHEN SUCH DOCUMENTS HAD NOT YET BEEN RECEIVED FOR NEW ACCOUNTS BY PHONE, AND (II) FAILING TO MAINTAIN REQUIRED NEW ACCOUNT DOCUMENTATION.

WITHOUT ADMITTING OR DENYING GUILT, APPLICANT FURTHER CONSENTED THAT IT VIOLATED EXCHANGE RULE 351 BY FAILING TO PROPERLY CODE AND REPORT APPROXIMATELY 192 CUSTOMER COMPLAINTS AS SALES PRACTICE RELATED DURING THE PERIOD



JANUARY, 1996 THROUGH JUNE, 1997.

IN ADDITION AS PART OF THE STIPULATION, APPLICANT AGREED TO A CENSURE AND A FINE OF \$250,000.

Disclosure 44 of 56

Reporting Source: Regulator

Current Status: Final

Allegations: 12-15-99, DECEMBER 16, 1999, THE DEPARTMENT OF ENFORCEMENT ACCEPTED THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT SUBMITTED BY CHARLES SCHWAB & CO. WHEREBY THE FIRM FAILED TO REPORT MUNICIPAL SECURITIES TRADES ON A TIMELY AND ACCURATE BASIS DURING THE PERIOD JANUARY THROUGH JUNE 1999 IN VIOLATION OF MUNICIPAL SECURITIES RULEMAKING BOARD RULES G-12 AND G-14.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 12/16/1999

Docket/Case Number: CAF990032

Principal Product Type: Other

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/16/1999

Sanctions Ordered:

Other Sanctions Ordered:

Sanction Details: FINED \$1,000

Regulator Statement 05-25-00, \$1,000 PAID ON 1/11/00, INVOICE #99-AF-1053

Reporting Source: Firm

Current Status: Final



Allegations: APPLICANT VIOLATED MSRB RULES G-12 AND G14 DURING THE FIRST HALF OF 1999 BY FAILING TO PROVIDE ACCURATE AND TIMELY INFORMATION REGARDING MUNICIPAL SECURITIES TRADES TO THE NSCC.

Initiated By: NASD REGULATION, INC.

Date Initiated: 12/16/1999

Docket/Case Number: CAF900032

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE OF \$1000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/16/1999

Sanctions Ordered: Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, APPLICANT CONSENTED TO A \$1,000 FINE.

Disclosure 45 of 56

Reporting Source: Firm

Current Status: Final

Allegations: BOOKS AND RECORDS VIOLATIONS AND CAPITAL COMPUTATION VIOLATIONS IN THE FIRST CALENDAR QUARTER OF 1980.

Initiated By: PHILADELPHIA STOCK EXCHANGE, INC.

Date Initiated: 06/01/1980

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE

Principal Sanction(s)/Relief Sought: Other



Other Sanction(s)/Relief Sought: FINE ONLY.

Resolution: Other

Resolution Date: 06/01/1980

Sanctions Ordered: Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: \$30,000 FINE LEVIED AGAINST SCHWAB.

Disclosure 46 of 56

Reporting Source: Firm

Current Status: Final

Allegations: APPLICANT FAILED TO MAINTAIN CURRENT BOOKS AND RECORDS DURING JUNE 1975.

Initiated By: PHILADELPHIA STOCK EXCHANGE, INC.

Date Initiated: 06/01/1975

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 09/01/1975

Sanctions Ordered: Censure

Other Sanctions Ordered:

Sanction Details: CHARLES R. SCHWAB WAS CENSURED BY THE PHILADELPHIA STOCK EXCHANGE

Disclosure 47 of 56

Reporting Source: Regulator



Current Status: Final

Allegations: THE FIRM ALLEGEDLY FAILED TO IMPLEMENT SUPERVISORY PROCEDURES RELATING TO THE WITHDRAWAL OF FUNDS FROM CUSTOMER ACCOUNTS FOR THE PURPOSE OF PAYING INVESTMENT ADVISORY FEES TO AN INDEPENDENT INVESTMENT ADVISER. THE ADVISER DIRECTING THE WITHDRAWAL OF EXCESSIVE FEES PURPORTEDLY DID SO WITHOUT HIS CLIENTS' PERMISSION OR APPROVAL.

Initiated By: CONNECTICUT DEPT. OF BANKING

Date Initiated: 05/13/1999

Docket/Case Number: CO-99-5303-S

URL for Regulatory Action:

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Consent

Resolution Date: 05/13/1999

Sanctions Ordered: Monetary/Fine \$75,000.00

Other Sanctions Ordered:

Sanction Details: CONSENT ORDER ENTERED MAY 13, 1999. THE CONSENT ORDER REQUIRED THAT THE FIRM PAY \$100,000 TO THE AGENCY, \$75,000 OF WHICH CONSTITUTED AN ADMINISTRATIVE PENALTY, \$15,000 OF WHICH REPRESENTED REIMBURSEMENT FOR DIVISION INVESTIGATIVE COSTS; AND \$10,000 OF WHICH WOULD BE ALLOCATED TO THE DEPARTMENT'S INVESTOR EDUCATION FUND. THE CONSENT ORDER ALSO REQUIRED THAT THE FIRM, WITH LEGAL ASSISTANCE, REVIEW ITS SUPERVISORY AND COMPLIANCE PROCEDURES RELATING TO WITHDRAWALS OF FEE PAYMENTS TO THIRD PARTY ADVISERS; PREPARE A REPORT ON THOSE PROCEDURES; AND SUBMIT A COPY OF THE REPORT AND AN IMPLEMENTATIONAL TIMETABLE TO THE DEPT. FINALLY, THE CONSENT ORDER PROVIDED THAT THE FIRM PAY THE COST, NOT TO EXCEED



\$5,000, OF ONE OR MORE EXAMINATIONS TO BE CONDUCTED WITHIN 24 MONTHS. OTHER PROVISIONS IN THE CONSENT ORDER INCLUDED AN ACKNOWLEDGEMENT THAT THE FIRM HAD COMPENSATED AFFECTED CT RESIDENTS \$77,375 IN THE AGGREGATE.

Regulator Statement

CONTACT: ERIC WILDER, 860-240-8232.

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE BANKING COMMISSIONER FOUND THAT SCHWAB'S WRITTEN SUPERVISORY PROCEDURES DID NOT ADEQUATELY DESIGNATE SUPERVISORY RESPONSIBILITY OR DESCRIBE ADEQUATELY THE SUPERVISORY STEPS TO BE TAKEN BY ITS EMPLOYEES IN CONNECTION WITH THE WITHDRAWAL OF FUNDS FROM CERTAIN CUSTOMER BROKERAGE ACCOUNTS FOR THE PURPOSE OF PAYING INVESTMENT ADVISORY FEES TO AN INDEPENDENT INVESTMENT ADVISOR IN VIOLATION OF SECTION 36B-15(A)(2)(K) OF THE CONNECTICUT UNIFORM SECURITIES ACT.

Initiated By:

STATE OF CONNECTICUT DEPT. OF BANKING, SECURITIES AND BUS. DIV.

Date Initiated:

05/13/1999

Docket/Case Number:

CO-99-5303-S

Principal Product Type:

No Product

Other Product Type(s):

NOT APPLICABLE

Principal Sanction(s)/Relief Sought:

Other

Other Sanction(s)/Relief Sought:

CIVIL AND ADMINISTRATIVE PENALTY/FINES.
SCHWAB TO PREPARE ITS OWN REVIEW AND REPORT OF ITS INTERNAL SUPERVISORY THIRD PARTY INVESTMENT MANAGEMENT FEE PAYMENT PRACTICES AND TO SUBMIT SUCH REPORT TO THE DIVISION DIRECTOR.

Resolution:

Settled

Resolution Date:

05/13/1999

Sanctions Ordered:

Monetary/Fine \$100,000.00

Other Sanctions Ordered:

SCHWAB TO PREPARE ITS OWN REVIEW AND REPORT OF ITS INTERNAL SUPERVISORY THIRD PARTY INVESTMENT MANAGEMENT FEE PAYMENT PRACTICES AND TO SUBMIT SUCH REPORT TO THE DIVISION DIRECTOR.

Sanction Details:

\$100,000 FINE LEVED AGAINST SCHWAB; FINE PAID ON MAY 13, 1999.



Firm Statement FIRST REPORT SUBMITTED ON JULY 9, 1999; SECOND REPORT SUBMITTED ON SEPTEMBER 3, 1999.

Disclosure 48 of 56

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 08/12/1997

Docket/Case Number: C01970023

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/12/1997

Sanctions Ordered: Censure
Monetary/Fine \$4,500.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement ON AUGUST 12, 1997, DISTRICT NO. 1 NOTIFIED RESPONDENT CHARLES SCHWAB & COMPANY, INC. THAT THE LETTER OF ACCEPTANCE, WAIVER AND CONSENT NO. C01970023 WAS ACCEPTED; THEREFORE, RESPONDENT MEMBER IS CENSURED AND FINED \$4,500 - (MSRB RULE G-32 - IN CONNECTION WITH SALES OF NEW ISSUES OF MUNICIPAL SECURITIES, RESPONDENT MEMBER FAILED TO PROVIDE OFFICIAL STATEMENTS TO 215 CUSTOMERS AND FAILED TO PROVIDE OFFICIAL STATEMENTS TO 785 CUSTOMERS UNTIL AFTER SETTLEMENT DATE OF THE TRANSACTIONS).

\$4,500.00 PAID ON 9/9/97, INVOICE #97-01-746



Reporting Source: Firm
Current Status: Final
Allegations: DURING THE PERIOD FROM JULY THROUGH SEPTEMBER 1996, IN CONJUNCTION WITH SALES OF NEW ISSUES OF MUNICIPAL SECURITIES, SCHWAB FAILED TO PROVIDE OFFICIAL STATEMENTS TO CERTAIN CUSTOMERS ON A TIMELY BASIS IN VIOLATION OF MSRB RULE G-32
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 11/01/1996
Docket/Case Number: C01970023
Principal Product Type: No Product
Other Product Type(s): NOT APPLICABLE
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 08/12/1997
Sanctions Ordered: Censure
 Monetary/Fine \$4,500.00
Other Sanctions Ordered:
Sanction Details: \$4500 FINE LEVIED AGAINST SCHWAB.

Disclosure 49 of 56

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 11/22/1974
Docket/Case Number: N-V8-83
Principal Product Type:

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Decision**Resolution Date:** 01/30/1975**Sanctions Ordered:** Monetary/Fine \$100.00**Other Sanctions Ordered:****Sanction Details:**

Regulator Statement NASDAQ COMPLAINT N-V8-83
 FILED 11-22-74
 ACCEPTED 12-16-74, PAID \$100.00
 FINAL 1-30-75

Reporting Source: Firm**Current Status:** Final**Allegations:** INFORMATION NOT AVAILABLE.**Initiated By:** NASDAQ**Date Initiated:** 11/24/1974**Docket/Case Number:** COMPLAINT NUMBER N-V8-83**Principal Product Type:** No Product**Other Product Type(s):** NOT APPLICABLE**Principal Sanction(s)/Relief Sought:** Other**Other Sanction(s)/Relief Sought:** CIVIL AND ADMINISTRATIVE**Resolution:** Settled**Resolution Date:** 01/30/1975**Sanctions Ordered:** Monetary/Fine \$100.00**Other Sanctions Ordered:**



Sanction Details: \$100 FINE LEVIED AGAINST SCHWAB; FINE PAID ON DECEMBER 16, 1974.

Disclosure 50 of 56

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 10/31/1974

Docket/Case Number: N-VS-75

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 12/30/1974

Sanctions Ordered: Monetary/Fine \$25.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement NASDAQ COMPLAINT N-VS-75
FILED 10-31-74
ACCEPTED 11-15-74, PAID \$25.00
FINAL 12-30-74

Reporting Source: Firm

Current Status: Final

Allegations: INFORMATION NOT AVAILABLE

Initiated By: NASDAQ

Date Initiated: 10/31/1974

Docket/Case Number: COMPLAINT NO. N-VS-75



Principal Product Type: No Product
Other Product Type(s): NOT APPLICABLE
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE PENALTIES
Resolution: Other
Resolution Date: 12/30/1974
Sanctions Ordered: Monetary/Fine \$25.00
Other Sanctions Ordered:
Sanction Details: PAID \$25.00 FINE ON 11/15/1974

Disclosure 51 of 56

Reporting Source: Regulator
Current Status: Final
Allegations: TRANSACTION OF BUSINESS THROUGH AT LEAST 38 AGENTS NOT LICENSED IN WISCONSIN.
Initiated By: WISCONSIN
Date Initiated: 09/17/1985
Docket/Case Number: X-2044 (L)
URL for Regulatory Action:
Principal Product Type: Other
Other Product Type(s): UNSPECIFIED TYPE OF FINANCIAL PRODUCT.
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Stipulation and Consent
Resolution Date: 09/17/1985
Sanctions Ordered:
Other Sanctions Ordered:



Sanction Details: ON 9/17/85 THE WISCONSIN SECURITIES COMMISSION ISSUED AN ORDER RESTRICTING CHARLES SCHWAB & CO., INC. FOR 10 DAYS FROM OPENING NEW WISCONSIN ACCOUNTS. ORDER ISSUED ON BASIS OF A STIPULATION IN WHICH STAFF ALLEGED TRANSACTION OF BUSINESS THROUGH AT LEAST 38 AGENTS NOT LICENSED IN WISCONSIN. CASE NO. X-2044(L)

Reporting Source: Firm

Current Status: Final

Allegations: NON-RESIDENT AGENT LICENSING VIOLATION

Initiated By: STATE OF WISCONSIN

Date Initiated: 09/17/1985

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT ORDER

Resolution: Consent

Resolution Date: 09/17/1985

Sanctions Ordered:

Other Sanctions Ordered: CONSENT ORDER RESTRICTING THE OPENING OF NEW ACCOUNTS FOR A PERIOD OF 10 DAYS.

Sanction Details: SEE ABOVE

Firm Statement CLOSED

Disclosure 52 of 56

Reporting Source: Regulator

Current Status: Final

Allegations:



Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 03/18/1983

Docket/Case Number: Unknown

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 01/27/1984

Regulator Statement

SEC NEWS DIGEST, MARCH 18, 1983, ISSUE 83-53 THE COMMISSION HAS ANNOUNCED PUBLIC ADMINISTRATIVE PROCEEDINGS AGAINST CHARLES SCHWAB AND CO. THE ORDER FOR PROCEEDINGS ALLEGES THAT IN 1980, MARION ALBERT ARTURE, A CUSTOMER TRADER AT THE FIRM, VIOLATED SECTION 17 (A) OF THE SEC ACT OF 1933 AND SECTION 10 (B) OF THE SEC ACT OF 1934 BY INDUCING MEMBERS OF THE PUBLIC TO PAY HIM AT LEAST \$500,000, WHICH ARTURE FALSELY STATED HE WOULD USE AT SCHWAB TO PURCHASE SECURITIES ON THEIR BEHALF. THE ORDER ALLEGES THAT THE FIRM FAILED TO REASONABLY SUPERVISE ARTURE WITH A VIEW TOWARDS PREVENTING HIS VIOLATIONS. A HEARING WILL BE SCHEDULED TO DETERMINE THE VALIDITY OF THESE CHARGES AND WHAT, IF ANY, REMEDIAL ACTION IS APPROPRIATE. (REL. 34-19598)*****IN A FINAL DECISION HANDED DOWN JANUARY 27, 1984 BY AN ADMINISTRATIVE LAW JUDGE OF THE SEC, IT WAS FOUND THAT CHARLES SCHWAB & CO., INC. HAD FAILED TO ADEQUATELY SUPERVISE ARTURE, AT THE JUDGE'S DIRECTION SCHWAB RETAINED AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT TO PERFORM A SPECIAL EXAM OF SCHWAB'S INTERNAL ACCOUNTING CONTROLS AND OPERATIONS PROCEDURES. DELOITTE HASKINS & SELLS, CERTIFIED PUBLIC ACCOUNTANTS, SUPPLIED THE JUDGE WITH A LETTER STATING THAT SCHWAB'S CONTROLS ARE CONSISTENT WITH THE SUPERVISORY REQUIREMENTS OF SECTION 15(b)(4)(E) OF THE SECURITIES EXCHANGE ACT OF 1934.

Reporting Source: Firm

Current Status: Final



Allegations: IN OCTOBER 1980, APPLICANT DISCOVERED THAT ONE OF ITS EMPLOYEES WAS SOLICITING FUNDS FROM VARIOUS NON-CUSTOMERS AND CONVERTING THOSE FUNDS TO HIS OWN USE. WHEN THE EMPLOYEE'S ACTIONS WERE DISCOVERED, HE WAS IMMEDIATELY TERMINATED AND ALL APPROPRIATE AUTHORITIES WERE NOTIFIED.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 10/01/1980

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought:

Resolution: Settled

Resolution Date: 01/27/1984

Sanctions Ordered:

Other Sanctions Ordered: SEE BELOW #13.

Sanction Details: SEE BELOW #13.

Firm Statement IN A FINAL DECISION HANDED DOWN JANUARY 17, 1984, BY AN ADMINISTRATIVE LAW JUDGE OF THE SECURITIES AND EXCHANGE COMMISSION, IT WAS FOUND THAT APPLICANT HAD FAILED TO ADEQUATELY SUPERVISE THE REGISTERED REPRESENTATIVE IN ITS NEWPORT BEACH, CALIFORNIA BRANCH OFFICE, WHO DURING JANUARY 1980, AND OCTOBER 1980, VIOLATED ANTI-FRAUD PROVISIONS OF THE SECURITIES ACT OF 1933 AND OF THE SECURITIES EXCHANGE ACT OF 1934. AT THE ADMINISTRATIVE LAW JUDGE'S DIRECTION, APPLICANT RETAINED AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT TO PERFORM A SPECIAL EXAMINATION OF APPLICANT'S INTERNAL ACCOUNTING CONTROLS AND OPERATIONS PROCEDURES. DELOITTE HASKINS & SELLS, CERTIFIED PUBLIC ACCOUNTANTS, SUPPLIED THE ADMINISTRATIVE LAW JUDGE WITH A LETTER STATING THE APPLICANT'S CONTROLS ARE CONSISTENT WITH THE SUPERVISORY REQUIREMENTS OF SECTION 15(B)(4)(E) OF THE SECURITIES EXCHANGE ACT OF 1934.



Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/29/1977
Docket/Case Number: CA-650
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent
Resolution Date: 12/12/1977
Sanctions Ordered: Censure
 Monetary/Fine \$500.00
Other Sanctions Ordered:
Sanction Details:
Regulator Statement COMPLAINT #CA-650 FILED 07/29/77
 DIST. #2N
 DECISION 12/12/77: CENSURED; FINED \$500 J&S
 ALL RIGHTS WAIVED.
 12/12/77: FINAL
 FINES & COSTS 02/09/78: FC#6964 PAID J&S

Reporting Source: Firm
Current Status: Final
Allegations: COMPLAINT FILED AGAINST APPLICANT AND CHARLES R. SCHWAB AS PRINCIPAL OF APPLICANT. THE COMPLAINT ALLEGED VIOLATIONS OF ARTICLE III, SECTION 1 AND 21(A) OF THE RULES OF FAIR PRACTICE WITH RESPECT TO THE FAILURE TO REDUCE CUSTOMER FULLY-PAID AND EXCESS MARGIN SECURITIES TO POSSESSION OR CONTROL AS REQUIRED BY RULE 15C3-3(D) UNDER THE SECURITIES EXCHANGE ACT OF 1934



Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/29/1977
Docket/Case Number: COMPLAINT NO. CA-650
Principal Product Type: No Product
Other Product Type(s): NOT APPLICABLE
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought:
Resolution: Decision & Order of Offer of Settlement
Resolution Date: 07/29/1977
Sanctions Ordered: Censure
 Monetary/Fine \$500.00
Other Sanctions Ordered: \$500 FINE LEVIDE AGAINST SCHWAB AND CHARLES R. SCHWAB AS IT
 PRINCIPAL JOINTLY AND SEVERALLY.
Sanction Details: INFORMATION NOT AVAILABLE.

Disclosure 54 of 56

Reporting Source: Regulator
Current Status: Final
Allegations:
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 05/24/1976
Docket/Case Number: CA-594
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Consent



Resolution Date: 11/09/1976

Sanctions Ordered: Censure
Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement COMPLAINT #CA-594 FILED 05/24/76
DIST. #2N
DECISION 11/09/76: CENSURED, FINED \$1,000.00 J&S
ALL RIGHTS WAIVED.
11/09/76: FINAL
FINES & COSTS 12/01/76: FC#6674 PD.

Reporting Source: Firm

Current Status: Final

Allegations: THE COMPLAINT ALLEGED VIOLATIONS IN ARTICLE III, SECTION 1 OF THE RULES OF FAIR PRACTICE WITH RESPECT TO THE NON-REGISTRATION OF INDIVIDUALS AS REQUIRED BY SCHEDULE C OF THE NASD BY-LAWS AND NON-ADHERENCE TO THE PROVISIONS OF REGULATION T.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 05/24/1976

Docket/Case Number: NASD COMPLAINT NUMBER CA-594

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: SCHWAB AND CHARLES R. SCHWAB AS ITS PRESIDENT WERE FINED \$1,000 JOINTLY AND SEVERALLY.

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 06/01/1976

Sanctions Ordered: Censure
Monetary/Fine \$1,000.00

Other Sanctions Ordered:

Sanction Details: \$1,000 FINE LEVIED AGAINST SCHWAB AND CHARLES R. SCHWAB AS ITS PRESIDENT JOINTLY AND SEVERALLY.



Disclosure 55 of 56

Reporting Source:	Regulator
Current Status:	Final
Allegations:	VIOLATION OF SEC RULES 15c3-3, 17A-3 AND 17a-5 AS WELL AS VIOLATIONS OF NEW YORK STOCK EXCHANGE RULES 342(a) and (b), 402(b) AND 440.
Initiated By:	NYSE
Date Initiated:	07/03/1990
Docket/Case Number:	HPD 90-53
Principal Product Type:	
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Consent
Resolution Date:	07/03/1990
Sanctions Ordered:	Censure Monetary/Fine \$375,000.00
Other Sanctions Ordered:	
Sanction Details:	CONSENT TO CENSURE, FINE OF \$375,000, UNDERTAKINGS BY THE FIRM THAT IT WILL PROVIDE A FULL REPORT OF AN OUTSIDE REVIEW OF THE REORGANIZATION DEPARTMENT'S POLICIES AND PROCEDURES AND OF AN INDEPENDENT AUDITOR'S REVIEW OF THE DISGORGEMENT OF PROFITS FROM THE REORGANIZATION PRACTICES SET FORTH BELOW.
Regulator Statement	CHARLES SCHWAB ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE IN THAT, ON SEVERAL OCCASIONS DURING THE RELEVANT PERIOD, IT PARTICIPATED IN VARIOUS REORGANIZATION PRACTICES, INCLUDING PARTIAL TENDERS AND EXCHANGES, CONVERSIONS AND EXERCISE OF RIGHTS AND WARRANTS, ACTING WITHOUT CUSTOMERS' INSTRUCTIONS OR CONTRARY TO THEM, RESULTING IN BENEFIT TO SCHWAB AND SCHWAB DID NOT DISCLOSE



SUCH
 USE TO CUSTOMERS. VIOLATED SEC RULE 17a-3 and EXCHANGE RULE
 440 IN THAT DURING THE PERIOD 1985-1988, AS A RESULT OF
 OVERSUBMISSION PRACTICES, SCWABS GENERAL LEDGER CONTAINED
 INACCURACIES, VIOLATED SEC RULE 17a-5 IN THAT DURING THE PERIOD
 1985-1988, AS A RESULT OF ITS OVERSUBMISSION PRACTICES, SCHWAB
 FILED FOCUS REPORTS WITH THE EXCHANGE THAT CONTAINED
 INACCURACIES, VIOLATED SEC RULE 15c3-3 AND EXCHANGE RULE 402(a)
 IN THAT ON ONE OR MORE OCCASIONS IT FAILED TO MAINTAIN CUSTODY
 AND CONTROL OF ITS CUSTOMERS SECURITIES, AND VIOLATED
 EXCHANGE
 RULE 342(a) AND (b) IN THAT DURING THE RELEVANT PERIOD IT
 FAILED TO MAINTAIN APPROPRIATE PROCEDURES OF SUPERVISION AND
 CONTROL, INCLUDING A SEPERATE SYSTEM OF FOLLOW-UP AND REVIEW
 IN
 THE REORGANIZATION DEPARTMENT.

Reporting Source:	Firm
Current Status:	Final
Allegations:	QUESTIONED CERTAIN TRADING PRACTICIES BY SCHWAB'S REORGANIZATION DEPARTMENT.
Initiated By:	NEW YORK STOCK EXCHANGE, INC.
Date Initiated:	06/15/1990
Docket/Case Number:	
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Censure
Other Sanction(s)/Relief Sought:	SCHWAB FINED \$375,000. IN SEPARATE DECIIIONS, THE NYSE ACCEPTED RELATED STIPULATIONS AND CONSENTS FROM BARRY SNOWBARGER, A SENIOR VICE PRESIDENT OF SCHWAB, AND STEPHEN CASS, A VICE PRESIDENT OF SCHWAB.
Resolution:	Stipulation and Consent
Resolution Date:	06/15/1990
Sanctions Ordered:	Censure Monetary/Fine \$375,000.00
Other Sanctions Ordered:	IN SEPARATE DECISIONS, THE NYSE ACCEPTED RELATED STIPULATIONS



AND CONSENTS FROM BARRY SNOWBARGER, A SENIOR VICE PRESIDENT OF SCHWAB, AND STEPHEN CASS, A VICE PRESIDENT OF SCHWAB.

Sanction Details: \$375,000 FINE LEVIED AGAINST SCHWAB.

Disclosure 56 of 56

Reporting Source: Regulator

Current Status: Final

Allegations:

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 03/15/1972

Docket/Case Number: N-V-83

Principal Product Type:

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Decision

Resolution Date: 07/24/1972

Sanctions Ordered: Monetary/Fine \$25.00

Other Sanctions Ordered:

Sanction Details:

Regulator Statement NASDAQ COMPLAINT N-V-83 FILED 03/15/72
06/07/72 FINED \$25
06/19/72 PAID FINE
07/24/72 FINAL

Reporting Source: Firm

Current Status: Final

Allegations: DUE TO THE DATE OF THE FILING, INFORMATION IS NOT AVAILABLE.

Initiated By: NASDAQ



Date Initiated: 03/13/1972

Docket/Case Number: COMPLAINT NUMBER N-V-83

Principal Product Type: No Product

Other Product Type(s): NOT APPLICABLE

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE

Resolution: Settled

Resolution Date: 07/24/1972

Sanctions Ordered: Monetary/Fine \$25.00

Other Sanctions Ordered:

Sanction Details: \$25 FINE LEVIED AGAINST SCHWAB; FINE PAID ON JUNE 19, 1972.



Regulatory - Pending

This type of disclosure event may include 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
Current Status:	Pending
Allegations:	SCHWAB FAILED TO HAVE IN PLACE ANY POLICIES AND PROCEDURES TO MONITOR ADEQUATELY ACCOUNTS ON ITS PLATFORM FOR PAYMENTS KNOWN TO UNREGISTERED INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES AND ENABLED AN UNREGISTERED INVESTMENT ADVISER TO RECEIVE PAYMENTS FOR UNLAWFUL SERVICES.
Initiated By:	MASSACHUSETTS
Date Initiated:	07/21/2021
Docket/Case Number:	E-2021-0036
URL for Regulatory Action:	HTTP://SEC.STATE.MA.US/SCT/CURRENT/SCTOCONNELLSCHWAB/OCONNELLSCHWABIDX.HTM
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Restitution
Other Sanction(s)/Relief Sought:	CEASE AND DESIST, CENSURE, REVIEW OF SUPERVISORY PROCEDURES, ENGAGEMENT OF INDEPENDENT COMPLIANCE CONSULTANT, DISGORGEMENT, AND ADMINISTRATIVE FINE.

Reporting Source:	Firm
Current Status:	Pending
Allegations:	SCHWAB FAILED TO HAVE IN PLACE ANY POLICIES AND PROCEDURES TO MONITOR ADEQUATELY ACCOUNTS ON ITS PLATFORM FOR PAYMENTS KNOWN TO UNREGISTERED INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES AND ENABLED AN UNREGISTERED INVESTMENT ADVISER TO RECEIVE PAYMENTS FOR UNLAWFUL SERVICES.
Initiated By:	MASSACHUSETTS
Date Initiated:	07/21/2021
Docket/Case Number:	E-2021-0036



Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Restitution
Other Sanction(s)/Relief Sought:	CEASE AND DESIST, CENSURE, REVIEW OF SUPERVISORY PROCEDURES, ENGAGEMENT OF INDEPENDENT COMPLIANCE CONSULTANT, DISGORGEMENT, AND ADMINISTRATIVE FINE.



Civil - Final

This type of disclosure event involves (1) an injunction issued by a foreign or domestic court within the last 10 years in connection with investment-related activity, (2) a finding by a court of a violation of any investment-related statute or regulation, or (3) an action dismissed by a court pursuant to a settlement agreement.

Disclosure 1 of 3

Reporting Source: Regulator

Current Status: Final

Allegations: IN 2012 AND 2013, SCHWAB VIOLATED EXCHANGE ACT SECTION 17(A) AND RULE 17A-8 BY FAILING TO FILE SUSPICIOUS ACTIVITY REPORTS ("SARS") ON SUSPICIOUS TRANSACTIONS BY INDEPENDENT INVESTMENT ADVISERS ("ADVISERS") THAT SCHWAB TERMINATED FROM ITS CUSTODIAL PLATFORM. SCHWAB TERMINATED THE ADVISERS FOR ENGAGING IN ACTIVITY SCHWAB DETERMINED VIOLATED ITS INTERNAL POLICIES AND PRESENTED RISK TO SCHWAB OR ITS CUSTOMERS. SCHWAB'S FAILURE TO FILE THE SARS AT ISSUE RESULTED FROM ITS INCONSISTENT IMPLEMENTATION OF POLICIES AND PROCEDURES FOR IDENTIFYING AND REPORTING SUSPICIOUS TRANSACTIONS UNDER THE SAR RULE. ALTHOUGH SCHWAB INVESTIGATED AND TERMINATED THE ADVISERS, IT DID NOT HAVE CLEAR OR CONSISTENT POLICIES AND PROCEDURES REGARDING THE TYPES OF TRANSACTIONS ON WHICH SARS NEEDED TO BE FILED. FOR EXAMPLE, SCHWAB DID NOT FILE SARS IN CERTAIN INSTANCES WHERE IT INVESTIGATED AND TERMINATED ADVISERS FOR CONDUCT THAT LED, OR REASONABLY SHOULD HAVE LED, SCHWAB TO SUSPECT THAT THE ADVISERS HAD CHARGED CERTAIN CUSTOMERS EXCESSIVE ADVISORY FEES, HAD ALLOWED THEIR STATE REGISTRATIONS TO LAPSE, OR WERE ENGAGED IN SCHEMES INVOLVING "CHERRY-PICKING" (A FRAUDULENT TRADE ALLOCATION SCHEME WHERE THE ADVISER ALLOCATES PROFITABLE TRADES TO THE ADVISER'S PERSONAL ACCOUNT AND UNPROFITABLE TRADES TO CLIENT ACCOUNTS). IN ADDITION, IN A NUMBER OF INSTANCES WHERE SCHWAB INVESTIGATED AND TERMINATED ADVISERS FOR CONDUCT THAT LED, OR REASONABLY SHOULD HAVE LED, IT TO SUSPECT THAT THE ADVISERS MISAPPROPRIATED OR MISUSED CLIENT FUNDS, SCHWAB APPLIED AN UNREASONABLY HIGH STANDARD FOR DETERMINING WHETHER TO FILE A SAR ON THE SUSPICIOUS TRANSACTIONS. BY VIRTUE OF THE FOREGOING, SCHWAB VIOLATED SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER BY FAILING TO FILE SARS AS REQUIRED BY THE BSA AND ITS IMPLEMENTING REGULATIONS.

Initiated By: THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Court Details: THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA: SAN FRANCISCO, CALIFORNIA; 4:18-CV-03942



Date Court Action Filed:	07/02/2018
Principal Product Type:	No Product
Other Product Types:	
Relief Sought:	Injunction
Other Relief Sought:	ORDER DEFENDANT TO PAY CIVIL PENALTIES
Resolution:	Judgment Rendered
Resolution Date:	07/09/2018
Sanctions Ordered or Relief Granted:	Monetary/Fine \$2,800,000.00 Cease and Desist/Injunction
Other Sanctions:	RESTRAINED; UNDERTAKINGS
Sanction Details:	THE FIRM SHALL PAY A CIVIL PENALTY IN THE AMOUNT OF \$2,800,000, IS PERMANENTLY RESTRAINED AND ENJOINED AND SHALL COMPLY WITH ALL OF THE UNDERTAKINGS AND AGREEMENTS SET FORTH THEREIN.
Regulator Statement	<p>ON JULY 2, 2018 THE CASE WAS ASSIGNED TO ANOTHER JUDGE, CHANGING THE CASE # FROM 3:18-CV-3942 TO 4:18-CV-3942.</p> <p>ON JULY 9, 2018, A FINAL JUDGMENT AS TO THE FIRM WAS ISSUED. THE FIRM IS PERMANENTLY RESTRAINED AND ENJOINED FROM VIOLATING, DIRECTLY OR INDIRECTLY, SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AND RULE 17A-8 PROMULGATED THEREUNDER. THE FIRM SHALL PAY A CIVIL PENALTY IN THE AMOUNT OF \$2,800,000 TO THE SECURITIES AND EXCHANGE COMMISSION. THE FIRM SHALL COMPLY WITH ALL OF THE UNDERTAKINGS AND AGREEMENTS SET FORTH THEREIN.</p>
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	PURSUANT TO A CONSENT EXECUTED BY CHARLES SCHWAB & CO., INC. (CS&CO.) AND FILED WITH THE FEDERAL DISTRICT COURT ON JULY 9, 2018, CS&CO. CONSENTED TO THE ENTRY OF AN INJUNCTION REGARDING CS&CO.'S ALLEGED FAILURE TO FILE SUSPICIOUS ACTIVITY REPORTS (SARS) ON SUSPICIOUS TRANSACTIONS BY INDEPENDENT, THIRD PARTY INVESTMENT ADVISERS (ADVISERS) THAT CS&CO. TERMINATED FROM ITS CUSTODIAL PLATFORM IN VIOLATION OF SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) AND RULE 17A-8 PROMULGATED THEREUNDER. THE ADVISORS WERE NOT AFFILIATED OR ASSOCIATED WITH CS&CO. IN ANY WAY. CS&CO. TERMINATED THE



ADVISERS FOR ENGAGING IN ACTIVITY THAT CS&CO. DETERMINED HAD VIOLATED ITS INTERNAL POLICIES OR PRESENTED RISK TO THE FIRM AND ITS CUSTOMERS.

Initiated By:	U.S. SECURITIES AND EXCHANGE COMMISSION
Court Details:	UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA: SAN FRANCISCO, CALIFORNIA; 4:18-CV-03942
Date Court Action Filed:	07/02/2018
Principal Product Type:	No Product
Other Product Types:	
Relief Sought:	Injunction
Other Relief Sought:	CIVIL PENALTY(IES)/FINE(S)
Resolution:	Consent
Resolution Date:	07/09/2018
Sanctions Ordered or Relief Granted:	Monetary/Fine \$2,800,000.00 Cease and Desist/Injunction
Other Sanctions:	RESTRAINED; UNDERTAKINGS
Sanction Details:	THE CIVIL PENALTY WAS PAID ON 07/23/2018
Firm Statement	WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, CS&CO. CONSENTED TO (I) THE ENTRY OF A PERMANENT INJUNCTION FROM VIOLATING SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-8 THEREUNDER, AND (II) PAY A CIVIL PENALTY IN THE AMOUNT OF \$2,800,000.00

Disclosure 2 of 3

Reporting Source:	Regulator
Current Status:	Final
Allegations:	SEC LITIGATION RELEASE 21806, JANUARY 11, 2011: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") CHARGED CHARLES SCHWAB & CO., INC. ("CS&CO.") WITH MAKING MISLEADING STATEMENTS REGARDING AN ULTRA-SHORT BOND FUND AND FAILING TO ESTABLISH, MAINTAIN AND ENFORCE POLICIES AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION. THE COMMISSION ALLEGED THAT CS&CO. VIOLATED SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTION 15(G) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND AIDED AND ABETTED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT OF



1940 ("INVESTMENT COMPANY ACT").

THE ULTRA-SHORT BOND FUND, AT ITS PEAK IN 2007, HAD \$13.5 BILLION IN ASSETS AND OVER 200,000 ACCOUNTS, MAKING IT THE LARGEST ULTRA-SHORT BOND FUND IN THE CATEGORY. THE FUND SUFFERED A SIGNIFICANT DECLINE DURING THE CREDIT CRISIS OF 2007-2008 AND SAW ITS ASSETS FALL FROM \$13.5 BILLION TO \$1.8 BILLION DURING AN EIGHT-MONTH PERIOD DUE TO REDEMPTIONS AND DECLINING ASSET VALUES.

THE COMMISSION ALLEGED THAT CS&CO. FAILED TO INFORM INVESTORS ADEQUATELY ABOUT THE RISKS OF INVESTING IN THE FUND. FOR EXAMPLE, IT DESCRIBED THE FUND AS A CASH ALTERNATIVE THAT HAD ONLY SLIGHTLY HIGHER RISK THAN A MONEY MARKET FUND. THE STATEMENTS WERE MISLEADING BECAUSE THE FUND WAS MORE THAN SLIGHTLY RISKIER THAN MONEY MARKET FUNDS, AND CS&CO. DID NOT ADEQUATELY INFORM INVESTORS ABOUT THE DIFFERENCES BETWEEN THE ULTRA-SHORT BOND FUND AND MONEY MARKET FUNDS. IN PARTICULAR, THE MATURITY AND CREDIT QUALITY OF THE FUND'S SECURITIES WERE SIGNIFICANTLY DIFFERENT THAN THOSE OF A MONEY MARKET FUND.

THE COMMISSION ALSO ALLEGED THAT THE ULTRA-SHORT BOND FUND DEVIATED FROM ITS CONCENTRATION POLICY WHEN IT INVESTED MORE THAN 25 PERCENT OF FUND ASSETS IN PRIVATE-ISSUER MORTGAGE-BACKED SECURITIES ("MBS"). MUTUAL FUNDS AND OTHER REGISTERED INVESTMENT COMPANIES ARE REQUIRED TO STATE CERTAIN INVESTMENT POLICIES IN THEIR COMMISSION FILINGS, INCLUDING A POLICY REGARDING CONCENTRATION OF INVESTMENTS. ONCE ESTABLISHED, A FUND MAY NOT DEVIATE FROM ITS CONCENTRATION POLICY WITHOUT SHAREHOLDER APPROVAL. BOND FUNDS, INCLUDING THE ULTRA-SHORT BOND FUND AND ANOTHER FUND SERIES ISSUED BY THE SAME REGISTERED INVESTMENT COMPANY, HAD A POLICY OF NOT CONCENTRATING MORE THAN 25% OF ASSETS IN ANY ONE INDUSTRY, INCLUDING PRIVATE-ISSUER MBS. THE FUNDS VIOLATED THIS POLICY, AND THE INVESTMENT COMPANY ACT, BY INVESTING APPROXIMATELY 50% OF THE ASSETS OF THE ULTRA-SHORT BOND FUND AND MORE THAN 25% OF THE OTHER FUND SERIES' ASSETS IN PRIVATE-ISSUER MBS WITHOUT OBTAINING SHAREHOLDER APPROVAL.

THE COMMISSION ALLEGED THAT THE ULTRA-SHORT BOND FUND'S NET ASSET VALUE ("NAV") BEGAN TO DECLINE AND MANY INVESTORS REDEEMED THEIR HOLDINGS AS THE CREDIT CRISIS UNFOLDED IN MID-2007. UNLIKE A MONEY MARKET FUND, FEW OF THE FUND'S ASSETS WERE SCHEDULED TO MATURE WITHIN THE NEXT SEVERAL MONTHS. AS A RESULT, THE FUND HAD TO SELL ASSETS IN A DEPRESSED MARKET TO



RAISE CASH. WHILE THE ULTRA-SHORT BOND FUND'S NAV DECLINED, CS&CO. HELD CONFERENCE CALLS, ISSUED WRITTEN MATERIALS, AND HAD OTHER COMMUNICATIONS WITH INVESTORS THAT CONTAINED A NUMBER OF MATERIAL MISSTATEMENTS AND OMISSIONS CONCERNING THE FUND.

THE COMMISSION ALSO ALLEGED THAT CS&CO. DID NOT HAVE POLICIES AND PROCEDURES REASONABLY DESIGNED, GIVEN THE NATURE OF ITS BUSINESS, TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION ABOUT THE FUND. FOR EXAMPLE, IT DID NOT HAVE SPECIFIC POLICIES AND PROCEDURES GOVERNING REDEMPTIONS BY PORTFOLIO MANAGERS WHO ADVISED THE FUNDS OF FUNDS, AND DID NOT HAVE APPROPRIATE INFORMATION BARRIERS CONCERNING NONPUBLIC AND POTENTIALLY MATERIAL INFORMATION ABOUT THE FUND. AS A RESULT, SEVERAL RELATED FUNDS AND INDIVIDUALS WERE FREE TO REDEEM THEIR OWN INVESTMENTS IN ULTRA-SHORT BOND FUND DURING THE FUND'S DECLINE.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Court Details: UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA; SAN FRANCISCO, CA; 11-CV-136

Date Court Action Filed: 01/11/2011

Principal Product Type: Mutual Fund(s)

Other Product Types: MORTGAGE-BACKED SECURITIES

Relief Sought: Civil Penalty(ies)/Fine(s)

Other Relief Sought:

Resolution: Judgment Rendered

Resolution Date: 02/16/2011

Sanctions Ordered or Relief Granted: Monetary/Fine \$5,000,000.00

Other Sanctions:

Sanction Details: CS&CO. IS LIABLE FOR A CIVIL PENALTY IN THE AMOUNT OF \$5,000,000.

Regulator Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS IN THE COMMISSION'S COMPLAINT, CS&CO. AGREED TO PAY A CIVIL PENALTY \$5,000,000 PENALTY AGAINST CS&CO.

ON FEBRUARY 16, 2011, THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA, ENTERED A FINAL JUDGMENT AS TO DEFENDANT CHARLES SCHWAB & CO. WITHOUT ADMITTING OR



DENYING THE ALLEGATIONS IN THE COMPLAINT, CS&CO. CONSENTED TO THE ENTRY OF THE FINAL JUDGMENT.

Reporting Source:

Firm

Current Status:

Final

Allegations:

THE PROCEEDINGS ARISE OUT OF THE OFFER, SALE, AND MANAGEMENT OF THE SCHWAB YIELDPLUS FUND, A FIXED INCOME MUTUAL FUND MANAGED BY CHARLES SCHWAB INVESTMENT MANAGEMENT, INC. (CSIM); MARKETED AND DISTRIBUTED BY CHARLES SCHWAB & CO., INC. (CSCO). THE ALLEGATIONS IN THE COMPLAINT ARE AS FOLLOWS:

-- SCHWAB INVESTMENTS DEVIATED FROM THE BOND FUNDS' CONCENTRATION POLICY WITHOUT OBTAINING SHAREHOLDER APPROVAL WHEN THE YIELDPLUS FUND AND THE TOTAL BOND MARKET FUND INVESTED MORE THAN 25% OF THEIR ASSETS IN NON-AGENCY MBS. ACCORDINGLY, SCHWAB INVESTMENTS WILLFULLY VIOLATED SECTION 13(A) OF THE INVESTMENT COMPANY ACT. SEE IN RE CHARLES SCHWAB CORP. SECS. LITIG., 2010 WL 1261705 (N.D. CAL. MARCH 30, 2010) (INVESTING MORE THAN 25% IN NON-AGENCY MBS REQUIRED SHAREHOLDER VOTE). CSIM WILLFULLY AIDED AND ABETTED AND CAUSED THE VIOLATIONS WHEN IT DIRECTED THE INVESTMENTS IN MBS IN EXCESS OF THE YIELDPLUS FUND'S 25% LIMIT, PROPOSED THE CHANGE TO THE FUNDS' CONCENTRATION POLICY, AND DIRECTED THE TOTAL BOND FUND'S INVESTMENT OF OVER ONE-THIRD OF ASSETS IN NON-AGENCY MBS.

--CSIM AND CSCO WILLFULLY VIOLATED ANTI-FRAUD PROVISIONS OF THE SECURITIES ACT, SECTIONS 17(A)(2) AND (3), WHEN, AS DESCRIBED ABOVE, THEY: (1) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS ABOUT THE FUND AND ITS RISK BEFORE THE FUND'S NAV DECLINED; (2) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS DURING THE FUND'S NAV DECLINE; AND (3) MATERIALLY UNDERSTATED THE FUND'S WEIGHTED AVERAGE MATURITY ("WAM") FROM FEBRUARY 2006 TO SEPTEMBER 2007 IN CERTAIN COMMUNICATIONS.

--CSIM ALSO WILLFULLY VIOLATED SECTION 206(4) AND RULE 206(4)-8 OF THE ADVISERS ACT BY MATERIALLY MISSTATING THE FUND'S WAM AND BY MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS ABOUT THE FUND DURING ITS DECLINE.

--CSIM AND CSCO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT. CSIM



AND CSCO PROVIDED SUBSTANTIAL ASSISTANCE TO PERSONS MAKING THE MISSTATEMENTS AND OMISSIONS DETAILED ABOVE THAT APPEARED IN SALES MATERIALS FILED WITH NASD OR FINRA AND, CONSEQUENTLY, WITH THE COMMISSION. CSIM AND CSCO ALSO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT BY PROVIDING SUBSTANTIAL ASSISTANCE REGARDING (1) A FORM N-CSR ANNUAL REPORT DATED AUGUST 31, 2007, MISSTATING THE FUND'S WAM; (2) A REGISTRATION STATEMENT STATING THAT THE YIELDPLUS FUND WOULD NOT INVEST MORE THAN 25% OF ITS ASSETS IN NON-AGENCY MBS AT A TIME WHEN THE FUND EXCEEDED THAT CONCENTRATION LIMITATION; AND (3) A FORM 485B FALSELY CERTIFYING THAT IT CONTAINED NO MATERIAL CHANGES WHEN IT INCLUDED THE UNAUTHORIZED CHANGE TO THE FUNDS' CONCENTRATION POLICY.

--CSIM AND CSCO'S POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED, GIVEN THE NATURE OF THEIR BUSINESS, TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION ABOUT THE FUND BY SCHWAB-RELATED PERSONNEL AND FUNDS. ACCORDINGLY, CSIM AND CSCO WILLFULLY VIOLATED SECTIONS 204A OF THE ADVISERS ACT AND 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT, RESPECTIVELY.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Court Details: UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, SF, CA 11-CV-136

Date Court Action Filed: 01/11/2011

Date Notice/Process Served: 01/11/2011

Principal Product Type: Mutual Fund(s)

Other Product Types:

Relief Sought: Civil Penalty(ies)/Fine(s)

Other Relief Sought:

Resolution: Judgment Rendered

Resolution Date: 02/16/2011

Sanctions Ordered or Relief Granted: Monetary/Fine \$5,000,000.00
Disgorgement/Restitution

Other Sanctions: CSIM IS LIABLE FOR DISGORGEMENT OF \$52,327,149 WITH PREJUDGMENT INTEREST IN THE AMOUNT OF \$9,290,698;
CSIM IS LIABLE FOR A CIVIL PENALTY IN THE AMOUNT OF \$52,327,149;
CSCO IS LIABLE FOR A CIVIL PENALTY IN THE AMOUNT OF \$5,000,000; CSIM AND CSCO SHALL SATISFY THEIR OBLIGATIONS BY PAYING A TOTAL OF



\$118,944,996.

Sanction Details:

-CSIM SHALL PAY \$87 MILLION, INCLUDING \$52,327,149 PENALTY TO THE COURT CLERK WITHIN 10 DAYS OF FINAL JUDGMENT;
 -CSCO SHALL PAY \$5 MILLION TO THE COURT CLERK WITHIN 10 DAYS OF FINAL JUDGMENT;
 -CSIM SHALL PAY \$26,944,996 TO COURT CLERK WITHIN THE LATER OF 10 DAYS OF ENTER OF FINAL JUDGMENT OR 60 DAYS OF THE FILING OF THE COMPLAINT;
 -CSIM, CSCO AND SCHAWB INVESTMENTS SHALL COMPLY WITH ALL OF THE UNDERTAKINGS AND AGREEMENTS TO A) BEAR THE COSTS OF ADMINISTRATION AND DISTRIBUTION OF FUNDS ORDERED HEREUNDER AND ALL FEES OF PROFESSIONALS APPOINTED BY THE COURT TO PROVIDE SUCH SERVICES; B) CSIM, CSCO AND SCHWAB INVESTMENTS SHALL CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKING NO LATER THAN SIXTY (60) DAYS FROM THE DATE OF THE COMPLETION OF THE UNDERTAKING.
 -THE COURT SHALL RETAIN JURISDICTION OF MATTER FOR THE PURPOSES OF ENFORCING THE TERMS OF THE FINAL JUDGMENT UNTIL FEBRUARY 16, 2011.

Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS IN THE SEC'S ORDER OR THE ALLEGATIONS IN THE SEC'S COMPLAINT, CSIM AND CSCO AGREED TO PAY A TOTAL OF \$118,944,996, INCLUDING \$52,327,149 IN DISGORGEMENT OF FEES BY CSIM, A \$52,327,149 PENALTY AGAINST CSIM, A \$5 MILLION PENALTY AGAINST CSCO, AND PRE-JUDGMENT INTEREST OF \$9,290,698. SOME OF CSIM'S DISGORGEMENT MAY BE DEEMED SATISFIED UP TO A MAXIMUM OF \$26,944,996 FOR PAYMENTS MADE WITHIN THE NEXT 60 DAYS TO SETTLE RELATED INVESTIGATIONS BY FINRA OR STATE SECURITIES REGULATORS.

THE SEC SEEKS TO HAVE PAYMENTS PLACED IN A FAIR FUND FOR DISTRIBUTION TO HARMED INVESTORS, AND THE RELATED RECOVERIES BY OTHER REGULATORS, SUCH AS FINRA, MAY BE CONTRIBUTED TO THE FAIR FUND. THE PAYMENTS AND ANY FAIR FUND ARE SUBJECT TO APPROVAL BY THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

CSIM, CSCO AND SCHWAB INVESTMENTS ALSO CONSENTED TO AN SEC ORDER REQUIRING THEM TO CEASE AND DESIST FROM COMMITTING OR CAUSING FUTURE VIOLATIONS OF THE FEDERAL SECURITIES LAWS. THE SEC ORDER ALSO REQUIRES THEM TO COMPLY WITH CERTAIN UNDERTAKINGS, INCLUDING CORRECTION OF ALL DISCLOSURES REGARDING THE FUNDS' CONCENTRATION POLICY. IN ADDITION, THE COMMISSION CENSURED CSIM AND CSCO, AND REQUIRED THEM TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW AND MAKE



RECOMMENDATIONS ABOUT THEIR POLICIES AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION.

Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>THE PROCEEDINGS ARISE OUT OF THE OFFER, SALE, AND MANAGEMENT OF THE SCHWAB YIELDPLUS FUND, A FIXED INCOME MUTUAL FUND MANAGED BY CHARLES SCHWAB INVESTMENT MANAGEMENT, INC. (CSIM); MARKETED AND DISTRIBUTED BY CHARLES SCHWAB & CO., INC. (CSCO). THE ALLEGATIONS IN THE COMPLAINT ARE AS FOLLOWS:</p> <p>-- SCHWAB INVESTMENTS DEVIATED FROM THE BOND FUNDS' CONCENTRATION POLICY WITHOUT OBTAINING SHAREHOLDER APPROVAL WHEN THE YIELDPLUS FUND AND THE TOTAL BOND MARKET FUND INVESTED MORE THAN 25% OF THEIR ASSETS IN NON-AGENCY MBS. ACCORDINGLY, SCHWAB INVESTMENTS WILLFULLY VIOLATED SECTION 13(A) OF THE INVESTMENT COMPANY ACT. SEE IN RE CHARLES SCHWAB CORP. SECS. LITIG., 2010 WL 1261705 (N.D. CAL. MARCH 30, 2010) (INVESTING MORE THAN 25% IN NON-AGENCY MBS REQUIRED SHAREHOLDER VOTE). CSIM WILLFULLY AIDED AND ABETTED AND CAUSED THE VIOLATIONS WHEN IT DIRECTED THE INVESTMENTS IN MBS IN EXCESS OF THE YIELDPLUS FUND'S 25% LIMIT, PROPOSED THE CHANGE TO THE FUNDS' CONCENTRATION POLICY, AND DIRECTED THE TOTAL BOND FUND'S INVESTMENT OF OVER ONE-THIRD OF ASSETS IN NON-AGENCY MBS.</p> <p>--CSIM AND CSCO WILLFULLY VIOLATED ANTI-FRAUD PROVISIONS OF THE SECURITIES ACT, SECTIONS 17(A)(2) AND (3), WHEN, AS DESCRIBED ABOVE, THEY: (1) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS ABOUT THE FUND AND ITS RISK BEFORE THE FUND'S NAV DECLINED; (2) MADE MATERIALLY MISLEADING STATEMENTS AND OMISSIONS DURING THE FUND'S NAV DECLINE; AND (3) MATERIALLY UNDERSTATED THE FUND'S WEIGHTED AVERAGE MATURITY ("WAM") FROM FEBRUARY 2006 TO SEPTEMBER 2007 IN CERTAIN COMMUNICATIONS.</p> <p>--CSIM ALSO WILLFULLY VIOLATED SECTION 206(4) AND RULE 206(4)-8 OF THE ADVISERS ACT BY MATERIALLY MISSTATING THE FUND'S WAM AND BY MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS ABOUT THE FUND DURING ITS DECLINE.</p> <p>--CSIM AND CSCO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT. CSIM</p>



AND CSCO PROVIDED SUBSTANTIAL ASSISTANCE TO PERSONS MAKING THE MISSTATEMENTS AND OMISSIONS DETAILED ABOVE THAT APPEARED IN SALES MATERIALS FILED WITH NASD OR FINRA AND, CONSEQUENTLY, WITH THE COMMISSION. CSIM AND CSCO ALSO WILLFULLY AIDED AND ABETTED AND CAUSED VIOLATIONS OF SECTION 34(B) OF THE INVESTMENT COMPANY ACT BY PROVIDING SUBSTANTIAL ASSISTANCE REGARDING (1) A FORM N-CSR ANNUAL REPORT DATED AUGUST 31, 2007, MISSTATING THE FUND'S WAM; (2) A REGISTRATION STATEMENT STATING THAT THE YIELDPLUS FUND WOULD NOT INVEST MORE THAN 25% OF ITS ASSETS IN NON-AGENCY MBS AT A TIME WHEN THE FUND EXCEEDED THAT CONCENTRATION LIMITATION; AND (3) A FORM 485B FALSELY CERTIFYING THAT IT CONTAINED NO MATERIAL CHANGES WHEN IT INCLUDED THE UNAUTHORIZED CHANGE TO THE FUNDS' CONCENTRATION POLICY.

--CSIM AND CSCO'S POLICIES AND PROCEDURES WERE NOT REASONABLY DESIGNED, GIVEN THE NATURE OF THEIR BUSINESS, TO PREVENT THE MISUSE OF MATERIAL NONPUBLIC INFORMATION ABOUT THE FUND BY SCHWAB-RELATED PERSONNEL AND FUNDS. ACCORDINGLY, CSIM AND CSCO WILLFULLY VIOLATED SECTIONS 204A OF THE ADVISERS ACT AND 15(G) (FORMERLY SECTION 15(F)) OF THE EXCHANGE ACT, RESPECTIVELY.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Court Details: UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, SF, CA 11-CV-136

Date Court Action Filed: 01/11/2011

Date Notice/Process Served: 01/11/2011

Principal Product Type: Mutual Fund(s)

Other Product Types:

Relief Sought: Civil Penalty(ies)/Fine(s)

Other Relief Sought:

Resolution: Judgment Rendered

Resolution Date: 02/16/2011

Sanctions Ordered or Relief Granted: Monetary/Fine \$5,000,000.00
Disgorgement/Restitution

Other Sanctions: CSIM IS LIABLE FOR DISGORGEMENT OF \$52,327,149 WITH PREJUDGMENT INTEREST IN THE AMOUNT OF \$9,290,698;
CSIM IS LIABLE FOR A CIVIL PENALTY IN THE AMOUNT OF \$52,327,149;
CSCO IS LIABLE FOR A CIVIL PENALTY IN THE AMOUNT OF \$5,000,000; CSIM AND CSCO SHALL SATISFY THEIR OBLIGATIONS BY PAYING A TOTAL OF



\$118,944,996.

Sanction Details:

-CSIM SHALL PAY \$87 MILLION, INCLUDING \$52,327,149 PENALTY TO THE COURT CLERK WITHIN 10 DAYS OF FINAL JUDGMENT;
 -CSCO SHALL PAY \$5 MILLION TO THE COURT CLERK WITHIN 10 DAYS OF FINAL JUDGMENT;
 -CSIM SHALL PAY \$26,944,996 TO COURT CLERK WITHIN THE LATER OF 10 DAYS OF ENTER OF FINAL JUDGMENT OR 60 DAYS OF THE FILING OF THE COMPLAINT;
 -CSIM, CSCO AND SCHAWB INVESTMENTS SHALL COMPLY WITH ALL OF THE UNDERTAKINGS AND AGREEMENTS TO A) BEAR THE COSTS OF ADMINISTRATION AND DISTRIBUTION OF FUNDS ORDERED HEREUNDER AND ALL FEES OF PROFESSIONALS APPOINTED BY THE COURT TO PROVIDE SUCH SERVICES; B) CSIM, CSCO AND SCHWAB INVESTMENTS SHALL CERTIFY, IN WRITING, COMPLIANCE WITH THE UNDERTAKING NO LATER THAN SIXTY (60) DAYS FROM THE DATE OF THE COMPLETION OF THE UNDERTAKING.
 -THE COURT SHALL RETAIN JURISDICTION OF MATTER FOR THE PURPOSES OF ENFORCING THE TERMS OF THE FINAL JUDGMENT UNTIL FEBRUARY 16, 2011.

Firm Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS IN THE SEC'S ORDER OR THE ALLEGATIONS IN THE SEC'S COMPLAINT, CSIM AND CSCO AGREED TO PAY A TOTAL OF \$118,944,996, INCLUDING \$52,327,149 IN DISGORGEMENT OF FEES BY CSIM, A \$52,327,149 PENALTY AGAINST CSIM, A \$5 MILLION PENALTY AGAINST CSCO, AND PRE-JUDGMENT INTEREST OF \$9,290,698. SOME OF CSIM'S DISGORGEMENT MAY BE DEEMED SATISFIED UP TO A MAXIMUM OF \$26,944,996 FOR PAYMENTS MADE WITHIN THE NEXT 60 DAYS TO SETTLE RELATED INVESTIGATIONS BY FINRA OR STATE SECURITIES REGULATORS.

THE SEC SEEKS TO HAVE PAYMENTS PLACED IN A FAIR FUND FOR DISTRIBUTION TO HARMED INVESTORS, AND THE RELATED RECOVERIES BY OTHER REGULATORS, SUCH AS FINRA, MAY BE CONTRIBUTED TO THE FAIR FUND. THE PAYMENTS AND ANY FAIR FUND ARE SUBJECT TO APPROVAL BY THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

CSIM, CSCO AND SCHWAB INVESTMENTS ALSO CONSENTED TO AN SEC ORDER REQUIRING THEM TO CEASE AND DESIST FROM COMMITTING OR CAUSING FUTURE VIOLATIONS OF THE FEDERAL SECURITIES LAWS. THE SEC ORDER ALSO REQUIRES THEM TO COMPLY WITH CERTAIN UNDERTAKINGS, INCLUDING CORRECTION OF ALL DISCLOSURES REGARDING THE FUNDS' CONCENTRATION POLICY. IN ADDITION, THE COMMISSION CENSURED CSIM AND CSCO, AND REQUIRED THEM TO RETAIN AN INDEPENDENT CONSULTANT TO REVIEW AND MAKE



RECOMMENDATIONS ABOUT THEIR POLICIES AND PROCEDURES TO PREVENT THE MISUSE OF MATERIAL, NONPUBLIC INFORMATION.

Disclosure 3 of 3

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE COMPLAINT ALLEGES FRAUD IN CONNECTION WITH THE SALE OF AUCTION RATE SECURITIES.
Initiated By:	ATTORNEY GENERAL ANDREW M. CUOMO, THE STATE OF NY
Court Details:	SUPREME COURT OF THE STATE OF NEW YORK
Date Court Action Filed:	08/17/2009
Principal Product Type:	Other
Other Product Types:	AUCTION RATE SECURITIES
Relief Sought:	Restitution
Other Relief Sought:	DISGORGEMENT OF GAINS, PAY DAMAGES, PAY PENALTIES AND COSTS, INJUNCTIVE RELIEF.
Resolution:	Settled
Resolution Date:	02/03/2015
Sanctions Ordered or Relief Granted:	
Other Sanctions:	UNDERTAKING.
Sanction Details:	ON FEBRUARY 03, 2015 THE NEW YORK ATTORNEY GENERAL ("NYAG") AND SCHWAB ENTERED INTO A SETTLEMENT OF THE NYAG'S AUCTION RATE SECURITIES ("ARS") CLAIMS AGAINST SCHWAB. THE SETTLEMENT PROVIDED FOR THE DISMISSAL WITH PREJUDICE OF THE NYAG'S LAWSUIT, AND SCHWAB AGREEING TO CERTAIN UNDERTAKINGS TO ITS ARS CUSTOMERS.
Firm Statement	THE NEW YORK ATTORNEY GENERAL ("NYAG") ASSERTS THAT SCHWAB FAILED TO DISCLOSE OR MISREPRESENTED INHERENT LIQUIDITY RISKS IN THE SALE OF CERTAIN AUCTION RATE SECURITIES. THE NYAG'S COMPLAINT AGAINST SCHWAB ALLEGED FOUR CAUSES OF ACTION: (1) VIOLATION OF SECTION 63(12) OF NEW YORK'S EXECUTIVE LAW; (2) VIOLATION OF THE GENERAL BUSINESS LAW ("GBL") 352-C(1)(A); (3) VIOLATION OF GBL 352-C(1)(C); AND (4) VIOLATION OF GBL 349. ON OCTOBER 24TH, 2011 THE TRIAL COURT DISMISSED THE NYAG'S COMPLAINT AGAINST SCHWAB IN ITS ENTIRETY FOR FAILURE TO STATE A



CAUSE OF ACTION. AUGUST 27, 2013 THE APPELLATE COURT AFFIRMED DISMISSAL OF THE FIRST AND FOURTH COUNTS, AND LIMITED THE TWO REMAINING GBL 352 CLAIMS TO ARS PURCHASES BEFORE SEPTEMBER 5, 2007. THE NYAG AND SCHWAB THEN FILED CROSS MOTIONS FOR SUMMARY JUDGMENT OF THE REMAINING CLAIMS. THE CASE WAS SETTLED BEFORE THOSE MOTIONS WERE DECIDED.

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 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	NASD
Case Initiated:	06/26/2000
Case Number:	00-00336
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$35,138.80
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/28/2001
Sum of All Relief Awarded:	\$2,175.00

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 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	03/16/2000
Case Number:	00-01073
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



Sum of All Relief Requested: \$26,932.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/18/2000
Sum of All Relief Awarded: \$3,366.50

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 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 04/06/2000
Case Number: [00-01301](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$1,515.89
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/17/2000
Sum of All Relief Awarded: \$1,475.00

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 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-INCORRECT QUANTITY
Arbitration Forum: NASD
Case Initiated: 05/09/2000



Case Number: [00-01423](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$50,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/07/2001

Sum of All Relief Awarded: \$2,112.50

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 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-TRANSFER

Arbitration Forum: NASD

Case Initiated: 04/13/2000

Case Number: [00-01453](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$200,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/21/2002

Sum of All Relief Awarded: \$65,000.00

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

Disclosure 6 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



Arbitration Forum: NASD
Case Initiated: 06/09/2000
Case Number: [00-02022](#)
Disputed Product Type: ANNUITIES; COMMON STOCK; MUNICIPAL BONDS; PREFERRED STOCK
Sum of All Relief Requested: \$419,963.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/27/2003
Sum of All Relief Awarded: \$13,909.01

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

Disclosure 7 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: NASD
Case Initiated: 06/12/2000
Case Number: [00-02246](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$71,800.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/10/2001
Sum of All Relief Awarded: \$42,154.56

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

Disclosure 8 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; EXECUTIONS-FAILURE TO EXECUTE; OTHER-ON-LINE TRADING DISPUTE
Arbitration Forum:	NASD
Case Initiated:	07/03/2000
Case Number:	00-02250
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$4,200.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/22/2001
Sum of All Relief Awarded:	\$1,350.01

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

Disclosure 9 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; EXECUTIONS-FAILURE TO EXECUTE
Arbitration Forum:	NASD
Case Initiated:	07/06/2000
Case Number:	00-02655
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$252,039.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/18/2001
Sum of All Relief Awarded:	\$10,000.00

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

Disclosure 10 of 239



Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	07/28/2000
Case Number:	00-02944
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$45,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/25/2001
Sum of All Relief Awarded:	\$77,028.00

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

Disclosure 11 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	09/08/2000
Case Number:	00-03364
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$18,659.50
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/29/2001
Sum of All Relief Awarded:	\$17,387.50

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

Disclosure 12 of 239



Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	12/01/2000
Case Number:	00-04842
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$52,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/27/2001
Sum of All Relief Awarded:	\$5,225.00

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

Disclosure 13 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	01/05/2001
Case Number:	00-05051
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$1,991.65
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/24/2001
Sum of All Relief Awarded:	\$1,991.66

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

Disclosure 14 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	01/09/2001
Case Number:	01-00095
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$1,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/17/2001
Sum of All Relief Awarded:	\$550.00

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

Disclosure 15 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	04/02/2001
Case Number:	01-00904
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$11,750.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/23/2001
Sum of All Relief Awarded:	\$1,075.01



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

Disclosure 16 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	03/05/2001
Case Number:	01-00947
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OPTIONS
Sum of All Relief Requested:	\$2,224,352.76
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/03/2002
Sum of All Relief Awarded:	\$167,896.88

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

Disclosure 17 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	03/16/2001
Case Number:	01-01213
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$206,267.01



Disposition: AWARD AGAINST PARTY
Disposition Date: 05/22/2002
Sum of All Relief Awarded: \$77,260.06

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

Disclosure 18 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 03/21/2001
Case Number: [01-01355](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/17/2001
Sum of All Relief Awarded: \$100,000.00

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

Disclosure 19 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 03/30/2001
Case Number: [01-01410](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$650.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/24/2001
Sum of All Relief Awarded: \$700.00

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

Disclosure 20 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; TRADING DISPUTES-STOCK LOANS
Arbitration Forum: NASD
Case Initiated: 04/05/2001
Case Number: [01-01651](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$30,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/23/2002
Sum of All Relief Awarded: \$24,018.59

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

Disclosure 21 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-EXCHANGES; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 04/16/2001



Case Number: [01-01792](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$22,965.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/23/2001

Sum of All Relief Awarded: \$11,084.95

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

Disclosure 22 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 05/11/2001

Case Number: [01-01961](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$25,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/27/2001

Sum of All Relief Awarded: \$2,000.00

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

Disclosure 23 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 06/08/2001
Case Number: [01-02678](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$4,130.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/31/2002
Sum of All Relief Awarded: \$4,305.00

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

Disclosure 24 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE
Arbitration Forum: NASD
Case Initiated: 08/14/2001
Case Number: [01-03017](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$500,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/11/2003
Sum of All Relief Awarded: \$42,750.00

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

Disclosure 25 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	10/12/2001
Case Number:	01-04263
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$126,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/02/2002
Sum of All Relief Awarded:	\$50,358.00

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

Disclosure 26 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	08/16/2001
Case Number:	01-04274
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$100,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/15/2002
Sum of All Relief Awarded:	\$12,500.00

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

Disclosure 27 of 239



Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 10/10/2001

Case Number: [01-05264](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$612,945.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/06/2003

Sum of All Relief Awarded: \$20,000.00

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

Disclosure 28 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-TRANSFER

Arbitration Forum: NASD

Case Initiated: 11/08/2001

Case Number: [01-05587](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$13,042.50

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/07/2003

Sum of All Relief Awarded: \$2,683.20

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

Disclosure 29 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	01/02/2002
Case Number:	01-06887
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$22,601,401.27
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/27/2002
Sum of All Relief Awarded:	\$30,000.00

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

Disclosure 30 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; EXECUTIONS-FAILURE TO EXECUTE; TRADING DISPUTES-TRANSFERS
Arbitration Forum:	NASD
Case Initiated:	01/28/2002
Case Number:	02-00085
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$23,375.06
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/17/2002



Sum of All Relief Awarded: \$7,317.77

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

Disclosure 31 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; EXECUTIONS-FAILURE TO EXECUTE

Arbitration Forum: NASD

Case Initiated: 01/24/2002

Case Number: [02-00285](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$7,934.65

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/27/2002

Sum of All Relief Awarded: \$4,864.61

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

Disclosure 32 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 07/31/2002

Case Number: [02-02229](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$113,517.00



Disposition: AWARD AGAINST PARTY
Disposition Date: 06/13/2003
Sum of All Relief Awarded: \$40,000.00

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

Disclosure 33 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-MARGIN CALLS; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/03/2002
Case Number: [02-02663](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$28,158.63
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/20/2003
Sum of All Relief Awarded: \$12,586.01

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

Disclosure 34 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; EXECUTIONS-EXECUTION PRICE; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/11/2002
Case Number: [02-03233](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



Sum of All Relief Requested: \$1,800.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/07/2003
Sum of All Relief Awarded: \$650.00

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

Disclosure 35 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 08/15/2002
Case Number: [02-04704](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$3,300.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/09/2002
Sum of All Relief Awarded: \$457.50

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

Disclosure 36 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 11/01/2002

Case Number: [02-06506](#)
Disputed Product Type: CORPORATE BONDS; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$6,724.38
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/28/2003
Sum of All Relief Awarded: \$4,904.00

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

Disclosure 37 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-OTHER; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 12/12/2002
Case Number: [02-07268](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$3,017.95
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/01/2003
Sum of All Relief Awarded: \$2,767.95

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

Disclosure 38 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 12/12/2002



Case Number: [02-07331](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$16,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/25/2003

Sum of All Relief Awarded: \$3,091.40

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

Disclosure 39 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-TRANSFER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 12/13/2002

Case Number: [02-07450](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$920.87

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/01/2003

Sum of All Relief Awarded: \$771.93

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

Disclosure 40 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;
ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-
NEGLIGENCE

Arbitration Forum: NASD



Case Initiated: 01/14/2003
Case Number: [03-00092](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$3,550,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/14/2004
Sum of All Relief Awarded: \$400,141.02

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

Disclosure 41 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 05/12/2003
Case Number: [03-02156](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$600,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/05/2004
Sum of All Relief Awarded: \$12,761.62

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

Disclosure 42 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 06/09/2003
Case Number: [03-03825](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$12,161.46
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/27/2004
Sum of All Relief Awarded: \$8,170.18

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

Disclosure 43 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 09/04/2003
Case Number: [03-04941](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$355,890.51
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/21/2004
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.

Disclosure 44 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION

Allegations:	EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED; TRADING DISPUTES-SELL OUTS
Arbitration Forum:	NASD
Case Initiated:	10/28/2003
Case Number:	03-07436
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$4,645.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/05/2004
Sum of All Relief Awarded:	\$1,277.75

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

Disclosure 45 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	EXECUTIONS-EXECUTION PRICE; EXECUTIONS-FAILURE TO EXECUTE; EXECUTIONS-INCORRECT QUANTITY; OTHER-ON-LINE TRADING DISPUTE
Arbitration Forum:	NASD
Case Initiated:	01/23/2004
Case Number:	04-00408
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$2,801.64
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/07/2004
Sum of All Relief Awarded:	\$2,801.64

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

Disclosure 46 of 239

Reporting Source:	Regulator
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Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 02/26/2004
Case Number: [04-01218](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$5,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/21/2004
Sum of All Relief Awarded: \$87.50

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

Disclosure 47 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum: NASD
Case Initiated: 04/20/2004
Case Number: [04-02122](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; PREFERRED STOCK
Sum of All Relief Requested: \$95,152.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/13/2005
Sum of All Relief Awarded: \$108,698.01

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

Disclosure 48 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	05/27/2004
Case Number:	04-03425
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$73,571.71
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/10/2004
Sum of All Relief Awarded:	\$43,785.87

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

Disclosure 49 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE; EXECUTIONS-INCORRECT QUANTITY
Arbitration Forum:	NASD
Case Initiated:	06/02/2004
Case Number:	04-03563
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$198,552.04
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/10/2005
Sum of All Relief Awarded:	\$25,225.00

There may be a non-monetary award associated with this arbitration.

Please select the Case Number above to view more detailed information.

Disclosure 50 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	NO OTHER CONTROVERSY INVOLVED; EMPLOYMENT-BREACH OF CONTRACT; EMPLOYMENT-WRONGFUL TERMINATION
Arbitration Forum:	NASD
Case Initiated:	07/02/2004
Case Number:	04-04703
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$2,500,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/27/2005
Sum of All Relief Awarded:	\$350,500.00

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

Disclosure 51 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	11/05/2004
Case Number:	04-07655
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$5,728,556.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/26/2006



Sum of All Relief Awarded: \$299,328.00

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

Disclosure 52 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 02/02/2005
Case Number: [05-00496](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; LIMITED PARTNERSHIPS
Sum of All Relief Requested: \$10,700.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/11/2005
Sum of All Relief Awarded: \$10,775.00

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

Disclosure 53 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 05/27/2005
Case Number: [05-02539](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$39,428.00
Disposition: AWARD AGAINST PARTY

Disposition Date: 04/26/2006

Sum of All Relief Awarded: \$58,930.06

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

Disclosure 54 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED;
TRADING DISPUTES-SELL OUTS

Arbitration Forum: NASD

Case Initiated: 06/10/2005

Case Number: [05-03002](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$2,100.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/11/2005

Sum of All Relief Awarded: \$829.01

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

Disclosure 55 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-
ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 08/01/2005

Case Number: [05-03743](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$66,675.69



Disposition: AWARD AGAINST PARTY
Disposition Date: 12/08/2005
Sum of All Relief Awarded: \$5,000.00

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

Disclosure 56 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 09/28/2005
Case Number: [05-04524](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/26/2006
Sum of All Relief Awarded: \$56,750.01

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

Disclosure 57 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 02/14/2006
Case Number: [06-00708](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE



Sum of All Relief Requested: \$1,078,863.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/21/2007
Sum of All Relief Awarded: \$1.00

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

Disclosure 58 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-TRANSFER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 03/16/2006
Case Number: [06-00891](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$295,004.48
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/28/2006
Sum of All Relief Awarded: \$15,000.00

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

Disclosure 59 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 07/26/2006



Case Number: [06-03443](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$9,236.59

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/14/2006

Sum of All Relief Awarded: \$3,966.49

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

Disclosure 60 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: FINRA

Case Initiated: 08/31/2007

Case Number: [07-02470](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$30,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/04/2008

Sum of All Relief Awarded: \$25,000.00

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

Disclosure 61 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: FINRA



Case Initiated: 09/20/2007
Case Number: [07-02674](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$18,425.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/10/2008
Sum of All Relief Awarded: \$18,850.01

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

Disclosure 62 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum: FINRA
Case Initiated: 11/14/2007
Case Number: [07-03069](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$770,500.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/02/2008
Sum of All Relief Awarded: \$542,340.00

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

Disclosure 63 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES



Arbitration Forum: FINRA
Case Initiated: 12/27/2007
Case Number: [07-03225](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$365,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/22/2008
Sum of All Relief Awarded: \$304,478.00

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

Disclosure 64 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER;
ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF
CONTRACT
Arbitration Forum: FINRA
Case Initiated: 04/24/2008
Case Number: [08-01231](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OTHER TYPES OF
SECURITIES
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/30/2009
Sum of All Relief Awarded: \$33,124.01

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

Disclosure 65 of 239

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: FINRA

Case Initiated: 06/26/2008

Case Number: [08-01888](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$42,122.79

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/08/2009

Sum of All Relief Awarded: \$4,295.69

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

Disclosure 66 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: FINRA

Case Initiated: 07/01/2008

Case Number: [08-01973](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$1,000,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/27/2010

Sum of All Relief Awarded: \$310,074.00

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

Disclosure 67 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum:	FINRA
Case Initiated:	06/27/2008
Case Number:	08-02082
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$637,894.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/14/2009
Sum of All Relief Awarded:	\$206,398.00

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

Disclosure 68 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	FINRA
Case Initiated:	07/02/2008
Case Number:	08-02118
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$49,840.18
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/29/2009
Sum of All Relief Awarded:	\$14,569.83



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

Disclosure 69 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	FINRA
Case Initiated:	07/25/2008
Case Number:	08-02135
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$543,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/09/2010
Sum of All Relief Awarded:	\$246,560.95

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

Disclosure 70 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum:	FINRA
Case Initiated:	07/08/2008
Case Number:	08-02173
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$400,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/02/2009



Sum of All Relief Awarded: \$333,245.00

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

Disclosure 71 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE

Arbitration Forum: FINRA

Case Initiated: 07/15/2008

Case Number: [08-02275](#)

Disputed Product Type: CORPORATE BONDS; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$14,240.28

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/31/2008

Sum of All Relief Awarded: \$14,665.29

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

Disclosure 72 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES

Arbitration Forum: FINRA

Case Initiated: 07/15/2008

Case Number: [08-02307](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$91,022.00

Disposition: AWARD AGAINST PARTY
Disposition Date: 09/09/2009
Sum of All Relief Awarded: \$100,080.78

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

Disclosure 73 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum: FINRA
Case Initiated: 07/22/2008
Case Number: [08-02417](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$77,218.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/11/2009
Sum of All Relief Awarded: \$88,470.00

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

Disclosure 74 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum: FINRA
Case Initiated: 07/29/2008
Case Number: [08-02552](#)



Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$164,261.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/30/2009
Sum of All Relief Awarded: \$97,425.00

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

Disclosure 75 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum: FINRA
Case Initiated: 08/07/2008
Case Number: [08-02698](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$186,707.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/12/2009
Sum of All Relief Awarded: \$116,000.00

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

Disclosure 76 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA



Case Initiated: 08/26/2008
Case Number: [08-02954](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$572,669.65
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/26/2009
Sum of All Relief Awarded: \$164,727.01

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

Disclosure 77 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 09/05/2008
Case Number: [08-03125](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$16,945.04
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/22/2009
Sum of All Relief Awarded: \$5,825.00

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

Disclosure 78 of 239

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



MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT

Arbitration Forum: FINRA
Case Initiated: 09/13/2008
Case Number: [08-03215](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$139,861.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/25/2009
Sum of All Relief Awarded: \$125,729.00

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

Disclosure 79 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; TRADING DISPUTES-OTHER
Arbitration Forum: FINRA
Case Initiated: 10/10/2008
Case Number: [08-03461](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$4,850.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/12/2009
Sum of All Relief Awarded: \$1,637.50

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

Disclosure 80 of 239

Reporting Source: Regulator



Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	10/09/2008
Case Number:	08-03602
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$81,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	02/04/2010
Sum of All Relief Awarded:	\$37,500.00

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

Disclosure 81 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	FINRA
Case Initiated:	10/29/2008
Case Number:	08-03904
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS; MUTUAL FUNDS
Sum of All Relief Requested:	\$1,000,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/20/2010
Sum of All Relief Awarded:	\$768,944.13

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



Disclosure 82 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	12/16/2008
Case Number:	08-04701
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$167,796.76
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/23/2009
Sum of All Relief Awarded:	\$25,000.00

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

Disclosure 83 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; TRADING DISPUTES-OTHER
Arbitration Forum:	FINRA
Case Initiated:	02/06/2009
Case Number:	08-04957
Disputed Product Type:	CORPORATE BONDS; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$110,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/27/2009
Sum of All Relief Awarded:	\$100,225.00



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

Disclosure 84 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	01/02/2009
Case Number:	08-04984
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$17,076.93
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/03/2009
Sum of All Relief Awarded:	\$16,428.62

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

Disclosure 85 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	02/11/2009
Case Number:	09-00243
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$9,178.85
Disposition:	AWARD AGAINST PARTY



Disposition Date: 08/20/2009

Sum of All Relief Awarded: \$12,441.22

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

Disclosure 86 of 239

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

Arbitration Forum: FINRA

Case Initiated: 01/21/2009

Case Number: [09-00272](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OPTIONS

Sum of All Relief Requested: \$170,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/03/2010

Sum of All Relief Awarded: \$50,300.00

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

Disclosure 87 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT

Arbitration Forum: FINRA

Case Initiated: 01/23/2009

Case Number: [09-00300](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$23,301.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/26/2009
Sum of All Relief Awarded: \$11,400.00

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

Disclosure 88 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 02/13/2009
Case Number: [09-00741](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$25,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/08/2009
Sum of All Relief Awarded: \$17,779.01

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

Disclosure 89 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: FINRA
Case Initiated: 02/27/2009



Case Number: [09-00976](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$38,933.95

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/16/2010

Sum of All Relief Awarded: \$1,050.00

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

Disclosure 90 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 03/03/2009

Case Number: [09-00992](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$95,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/20/2010

Sum of All Relief Awarded: \$95,150.01

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

Disclosure 91 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: FINRA
Case Initiated: 04/09/2009
Case Number: [09-01081](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$22,384.94
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/01/2009
Sum of All Relief Awarded: \$11,129.79

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

Disclosure 92 of 239

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 RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 03/10/2009
Case Number: [09-01199](#)
Disputed Product Type:
Sum of All Relief Requested: \$20,848.30
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/24/2009
Sum of All Relief Awarded: \$8,672.74

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

Disclosure 93 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT

Arbitration Forum: FINRA

Case Initiated: 03/27/2009

Case Number: [09-01550](#)

Disputed Product Type: CORPORATE BONDS; MUTUAL FUNDS

Sum of All Relief Requested: \$22,279.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/15/2009

Sum of All Relief Awarded: \$19,400.00

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

Disclosure 94 of 239

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 RELATED-BREACH OF CONTRACT

Arbitration Forum: FINRA

Case Initiated: 05/26/2009

Case Number: [09-01949](#)

Disputed Product Type: COMMON STOCK; OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$25,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/19/2009

Sum of All Relief Awarded: \$15,297.02

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



Disclosure 95 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	04/23/2009
Case Number:	09-02231
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$25,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/19/2009
Sum of All Relief Awarded:	\$9,061.55

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

Disclosure 96 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	05/29/2009
Case Number:	09-02752
Disputed Product Type:	CORPORATE BONDS
Sum of All Relief Requested:	\$15,361.52
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/03/2009
Sum of All Relief Awarded:	\$15,786.52

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

Disclosure 97 of 239

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	05/19/2009
Case Number:	09-02796
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$24,112.21
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/16/2009
Sum of All Relief Awarded:	\$8,268.13

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

Disclosure 98 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS
Arbitration Forum:	FINRA
Case Initiated:	06/15/2009
Case Number:	09-03470
Disputed Product Type:	MUTUAL FUNDS
Sum of All Relief Requested:	Unspecified Damages
Disposition:	AWARD AGAINST PARTY



Disposition Date: 04/21/2010

Sum of All Relief Awarded: \$45,000.00

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

Disclosure 99 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 06/12/2009

Case Number: [09-03491](#)

Disputed Product Type: OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$23,633.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/01/2009

Sum of All Relief Awarded: \$24,199.01

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

Disclosure 100 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 07/13/2009



Case Number: [09-03736](#)
Disputed Product Type: MUNICIPAL BOND FUNDS
Sum of All Relief Requested: \$22,726.41
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/24/2010
Sum of All Relief Awarded: \$10,948.50

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

Disclosure 101 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 08/05/2009
Case Number: [09-04331](#)
Disputed Product Type:
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/28/2010
Sum of All Relief Awarded: \$75,000.00

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

Disclosure 102 of 239

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 RELATED-BREACH OF



CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA
Case Initiated: 09/15/2009
Case Number: [09-05245](#)
Disputed Product Type: MUTUAL FUNDS
Sum of All Relief Requested: \$13,023.22
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/15/2010
Sum of All Relief Awarded: \$9,781.01

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

Disclosure 103 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 11/18/2009
Case Number: [09-06446](#)
Disputed Product Type: MUTUAL FUNDS
Sum of All Relief Requested: \$103,800.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/15/2011
Sum of All Relief Awarded: \$323,421.68

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

Disclosure 104 of 239



Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	12/14/2009
Case Number:	09-06482
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$25,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/17/2010
Sum of All Relief Awarded:	\$15,367.99

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

Disclosure 105 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS
Arbitration Forum:	FINRA
Case Initiated:	11/25/2009
Case Number:	09-06614
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$22,638.34
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/24/2010
Sum of All Relief Awarded:	\$19,167.91

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

Disclosure 106 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY
Arbitration Forum:	FINRA
Case Initiated:	11/27/2009
Case Number:	09-06630
Disputed Product Type:	CORPORATE BONDS; MUTUAL FUNDS; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$17,071.61
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/24/2010
Sum of All Relief Awarded:	\$10,395.40

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

Disclosure 107 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS
Arbitration Forum:	FINRA
Case Initiated:	02/22/2010
Case Number:	10-00750
Disputed Product Type:	CORPORATE BONDS
Sum of All Relief Requested:	\$25,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/19/2010
Sum of All Relief Awarded:	\$4,480.97



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

Disclosure 108 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/10/2010
Case Number:	10-00987
Disputed Product Type:	
Sum of All Relief Requested:	\$350,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/20/2010
Sum of All Relief Awarded:	\$65,686.00

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

Disclosure 109 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	06/01/2010
Case Number:	10-01978
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$1,135,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/04/2012



Sum of All Relief Awarded: \$115,000.01

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

Disclosure 110 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

Arbitration Forum: FINRA

Case Initiated: 05/10/2010

Case Number: [10-02072](#)

Disputed Product Type: OTHER TYPES OF SECURITIES

Sum of All Relief Requested: \$24,817.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/17/2010

Sum of All Relief Awarded: \$2,925.00

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

Disclosure 111 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-TRANSFER

Arbitration Forum: FINRA

Case Initiated: 06/22/2010

Case Number: [10-02329](#)

Disputed Product Type:



Sum of All Relief Requested: \$4,700.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/17/2010
Sum of All Relief Awarded: \$337.50

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

Disclosure 112 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; TRADING DISPUTES-SELL OUTS
Arbitration Forum: FINRA
Case Initiated: 07/15/2010
Case Number: [10-02953](#)
Disputed Product Type: MUTUAL FUNDS
Sum of All Relief Requested: \$2,324.39
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/16/2010
Sum of All Relief Awarded: \$2,324.39

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

Disclosure 113 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 09/23/2010
Case Number: [10-03610](#)



Disputed Product Type: CERTIFICATE OF DEPOSIT; CORPORATE BONDS
Sum of All Relief Requested: \$24,950.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/22/2011
Sum of All Relief Awarded: \$10,425.00

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

Disclosure 114 of 239

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 10/12/2010
Case Number: [10-03998](#)
Disputed Product Type: EXCHANGE-TRADED FUNDS
Sum of All Relief Requested: \$25,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/15/2011
Sum of All Relief Awarded: \$15,425.00

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

Disclosure 115 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: OTHER-OTHER



Arbitration Forum: FINRA
Case Initiated: 11/18/2010
Case Number: [10-04653](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$333,667.38
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/02/2011
Sum of All Relief Awarded: \$236,602.46

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

Disclosure 116 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 11/15/2010
Case Number: [10-05133](#)
Disputed Product Type: CORPORATE BONDS
Sum of All Relief Requested: \$25,150.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/11/2011
Sum of All Relief Awarded: \$38,650.00

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

Disclosure 117 of 239

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
Arbitration Forum:	FINRA
Case Initiated:	02/08/2011
Case Number:	11-00385
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$43,982.94
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/20/2011
Sum of All Relief Awarded:	\$32,925.01

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

Disclosure 118 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	07/21/2011
Case Number:	11-02789
Disputed Product Type:	LIMITED PARTNERSHIPS; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$22,775.35
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/26/2012
Sum of All Relief Awarded:	\$10,384.93

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

Disclosure 119 of 239



Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT

Arbitration Forum: FINRA

Case Initiated: 08/23/2011

Case Number: [11-03187](#)

Disputed Product Type:

Sum of All Relief Requested: \$66,662.79

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/14/2012

Sum of All Relief Awarded: \$46,971.72

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

Disclosure 120 of 239

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; OTHER-OTHER

Arbitration Forum: FINRA

Case Initiated: 01/10/2012

Case Number: [12-00003](#)

Disputed Product Type: MUTUAL FUNDS

Sum of All Relief Requested: \$10,100.39

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/20/2013

Sum of All Relief Awarded: \$9,575.40

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

Disclosure 121 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-OTHER; OTHER-CLEARING DISPUTES
Arbitration Forum:	FINRA
Case Initiated:	03/23/2012
Case Number:	12-00973
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$91,332.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/28/2012
Sum of All Relief Awarded:	\$5,600.00

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

Disclosure 122 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	04/13/2012
Case Number:	12-01342
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$7,901.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/11/2012
Sum of All Relief Awarded:	\$162.50

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

Disclosure 123 of 239

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	04/20/2012
Case Number:	12-01383
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$98,039.35
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/17/2013
Sum of All Relief Awarded:	\$17,384.00

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

Disclosure 124 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	03/21/2013
Case Number:	13-00664
Disputed Product Type:	MUTUAL FUNDS; OPTIONS
Sum of All Relief Requested:	\$7,000,000.01



Disposition: AWARD AGAINST PARTY
Disposition Date: 05/12/2014
Sum of All Relief Awarded: \$750,000.01

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

Disclosure 125 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;
 ACCOUNT RELATED-BREACH OF CONTRACT
Arbitration Forum: FINRA
Case Initiated: 04/30/2013
Case Number: [13-01163](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$1,225,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/22/2014
Sum of All Relief Awarded: \$110,000.00

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

Disclosure 126 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH
 OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT
 RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 06/11/2013
Case Number: [13-01672](#)



Disputed Product Type: ANNUITIES; MUTUAL FUNDS
Sum of All Relief Requested: \$241,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/18/2014
Sum of All Relief Awarded: \$30,000.00

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

Disclosure 127 of 239

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 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 10/01/2013
Case Number: [13-02789](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$170,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/05/2015
Sum of All Relief Awarded: \$159,923.04

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

Disclosure 128 of 239

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-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA
Case Initiated: 02/14/2014
Case Number: [14-00383](#)
Disputed Product Type: COMMON STOCK; EXCHANGE-TRADED FUNDS; OPTIONS
Sum of All Relief Requested: \$680,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/22/2015
Sum of All Relief Awarded: \$58,563.00

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

Disclosure 129 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER
Arbitration Forum: FINRA
Case Initiated: 03/21/2014
Case Number: [14-00825](#)
Disputed Product Type: MUTUAL FUNDS
Sum of All Relief Requested: \$50,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/23/2015
Sum of All Relief Awarded: \$42,344.40

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

Disclosure 130 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; EXECUTIONS-OTHER
Arbitration Forum:	FINRA
Case Initiated:	06/08/2016
Case Number:	16-01537
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$5,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/03/2016
Sum of All Relief Awarded:	\$35.00

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

Disclosure 131 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	EXECUTIONS-EXECUTION ERROR
Arbitration Forum:	FINRA
Case Initiated:	12/28/2017
Case Number:	17-03482
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$5,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/20/2018
Sum of All Relief Awarded:	\$875.00

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

Disclosure 132 of 239

Reporting Source:	Regulator
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Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-EXECUTION ERROR

Arbitration Forum: FINRA

Case Initiated: 05/29/2018

Case Number: [18-01976](#)

Disputed Product Type: OPTIONS

Sum of All Relief Requested: \$250,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/20/2019

Sum of All Relief Awarded: \$12,800.00

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

Disclosure 133 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; EXECUTIONS-EXECUTION ERROR

Arbitration Forum: FINRA

Case Initiated: 06/14/2018

Case Number: [18-02195](#)

Disputed Product Type:

Sum of All Relief Requested: Unspecified Damages

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/14/2019

Sum of All Relief Awarded: \$153,067.57

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

Disclosure 134 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	TRADING DISPUTES-OTHER
Arbitration Forum:	FINRA
Case Initiated:	01/04/2019
Case Number:	18-04437
Disputed Product Type:	OPTIONS
Sum of All Relief Requested:	\$25,455.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/31/2019
Sum of All Relief Awarded:	\$6,327.50

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

Disclosure 135 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-EXECUTION ERROR
Arbitration Forum:	FINRA
Case Initiated:	01/16/2019
Case Number:	19-00105
Disputed Product Type:	WARRANTS/RIGHTS
Sum of All Relief Requested:	\$3,200,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/01/2023
Sum of All Relief Awarded:	\$54,680.00

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

Disclosure 136 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	
Arbitration Forum:	FINRA
Case Initiated:	06/05/2019
Case Number:	19-01474
Disputed Product Type:	
Sum of All Relief Requested:	\$950.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/18/2019
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 137 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	11/01/2019
Case Number:	19-03250
Disputed Product Type:	OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$8,000,000.02
Disposition:	AWARD AGAINST PARTY - VACATED IN WHOLE OR PART
Disposition Date:	11/01/2021

Sum of All Relief Awarded: \$934,806.69

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

Disclosure 138 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 05/13/2020
Case Number: [20-01474](#)
Disputed Product Type: MUTUAL FUNDS
Sum of All Relief Requested: \$69,410.63
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/24/2021
Sum of All Relief Awarded: \$35,225.00

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

Disclosure 139 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-ERRORS-CHARGES;
EXECUTIONS-EXECUTION ERROR; TRADING DISPUTES-BUY IN
Arbitration Forum: FINRA
Case Initiated: 09/14/2020
Case Number: [20-02414](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$235,000.00
Disposition: AWARD AGAINST PARTY - VACATED IN WHOLE OR PART
Disposition Date: 06/29/2023



Sum of All Relief Awarded: \$79,549.94

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

Disclosure 140 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-EXECUTION ERROR; TRADING DISPUTES-OTHER; TRADING DISPUTES-TRANSFERS

Arbitration Forum: FINRA

Case Initiated: 08/17/2020

Case Number: [20-02550](#)

Disputed Product Type: 401(K); COMMON STOCK; CORPORATE BONDS; EXCHANGE-TRADED FUNDS; MUTUAL FUNDS; REAL ESTATE INVESTMENT TRUST

Sum of All Relief Requested: \$23,686.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/23/2021

Sum of All Relief Awarded: \$16,753.00

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

Disclosure 141 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER

Arbitration Forum: FINRA

Case Initiated: 09/01/2020



Case Number: [20-02864](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$550,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/07/2023
Sum of All Relief Awarded: \$144,425.04

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

Disclosure 142 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD;
ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION
OF FACTS; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT
RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE;
EMPLOYMENT-BREACH OF CONTRACT
Arbitration Forum: FINRA
Case Initiated: 12/22/2020
Case Number: [20-04126](#)
Disputed Product Type: COMMON STOCK; OPTIONS
Sum of All Relief Requested: \$1,817,964.20
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/16/2022
Sum of All Relief Awarded: \$815,010.01

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

Disclosure 143 of 239

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



OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: FINRA

Case Initiated: 05/06/2021

Case Number: [21-01181](#)

Disputed Product Type: COMMON STOCK

Sum of All Relief Requested: Unspecified Damages

Disposition: AWARD AGAINST PARTY

Disposition Date: 04/11/2022

Sum of All Relief Awarded: \$214,640.00

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

Disclosure 144 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-BREACH OF REGULATION BI; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER

Arbitration Forum: FINRA

Case Initiated: 07/06/2021

Case Number: [21-01288](#)

Disputed Product Type:

Sum of All Relief Requested: \$181,401.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/13/2023

Sum of All Relief Awarded: \$37,000.00

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

Disclosure 145 of 239

Reporting Source: Regulator



Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-OTHER
Arbitration Forum: FINRA
Case Initiated: 08/16/2021
Case Number: [21-01805](#)
Disputed Product Type:
Sum of All Relief Requested: \$9,900.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/21/2022
Sum of All Relief Awarded: \$9,975.00

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

Disclosure 146 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-FRAUD;
 ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION
 OF FACTS; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT
 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE;
 EXECUTIONS-EXECUTION ERROR
Arbitration Forum: FINRA
Case Initiated: 02/03/2022
Case Number: [22-00237](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$18,985.75
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/16/2022
Sum of All Relief Awarded: \$9,500.00

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



Disclosure 147 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BREACH OF REGULATION BI; ACCOUNT ACTIVITY-MANIPULATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-OTHER; EXECUTIONS-EXECUTION ERROR; TRADING DISPUTES-MANIPULATION
Arbitration Forum:	FINRA
Case Initiated:	02/21/2023
Case Number:	23-00422
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$41,250.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/10/2023
Sum of All Relief Awarded:	\$41,850.01

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

Disclosure 148 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; EXECUTIONS-EXECUTION ERROR
Arbitration Forum:	FINRA
Case Initiated:	06/05/2023
Case Number:	23-01369
Disputed Product Type:	GOVERNMENT SECURITIES
Sum of All Relief Requested:	\$30,000.02
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/21/2024



Sum of All Relief Awarded: \$10,302.92

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

Disclosure 149 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: FINRA
Case Initiated: 07/27/2023
Case Number: [23-01909](#)
Disputed Product Type:
Sum of All Relief Requested: \$94,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/27/2024
Sum of All Relief Awarded: \$47,000.00

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

Disclosure 150 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-TRANSFER
Arbitration Forum: FINRA
Case Initiated: 02/26/2024
Case Number: [24-00420](#)
Disputed Product Type: COMMON STOCK; VARIABLE ANNUITIES
Sum of All Relief Requested: \$7,457.81

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/28/2024

Sum of All Relief Awarded: \$5,053.90

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

Disclosure 151 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE;
NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/01/1987

Case Number: [87-01761](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$73,458.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/08/1989

Sum of All Relief Awarded: \$8,050.00

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

Disclosure 152 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: NO OTHER CONTROVERSY INVOLVED; OTHER-CLEARING DISPUTES

Arbitration Forum: NASD

Case Initiated: 01/01/1988

Case Number: [88-00840](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$22,660.00



Disposition: AWARD AGAINST PARTY
Disposition Date: 07/19/1989
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 153 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-MARGIN CALLS; EXECUTIONS-FAILURE TO EXECUTE;
 NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1988
Case Number: [88-01075](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$1,014,521.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/17/1989
Sum of All Relief Awarded: \$147,000.00

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

Disclosure 154 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-
 ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-
 FAILURE TO EXECUTE
Arbitration Forum: NASD
Case Initiated: 01/01/1988
Case Number: [88-01362](#)



Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$2,277.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/26/1989
Sum of All Relief Awarded: \$350.00

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

Disclosure 155 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1988
Case Number: [88-01796](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$5,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/02/1989
Sum of All Relief Awarded: \$5,000.00

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

Disclosure 156 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/21/1988
Case Number: [88-01838](#)



Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$356,398.39
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/29/1989
Sum of All Relief Awarded: \$60,431.00

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

Disclosure 157 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 03/23/1989
Case Number: [88-02868](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$531,480.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/17/1991
Sum of All Relief Awarded: \$39,500.00

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

Disclosure 158 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1988

Case Number: [88-03108](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$5,200.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/29/1989
Sum of All Relief Awarded: \$2,800.00

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

Disclosure 159 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1988
Case Number: [88-03767](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$61,137.65
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/25/1990
Sum of All Relief Awarded: \$10,818.00

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

Disclosure 160 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1988



Case Number: [88-03920](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$108,130.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/28/1989

Sum of All Relief Awarded: \$3,150.00

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

Disclosure 161 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/01/1988

Case Number: [88-03926](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$27,057.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 08/30/1989

Sum of All Relief Awarded: \$372.00

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

Disclosure 162 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/01/1988



Case Number: [88-03948](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$45,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 11/30/1989

Sum of All Relief Awarded: \$16,500.00

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

Disclosure 163 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/01/1989

Case Number: [89-01484](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS

Sum of All Relief Requested: \$3,670.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 09/14/1989

Sum of All Relief Awarded: \$875.00

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

Disclosure 164 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE

Arbitration Forum: NASD



Case Initiated: 01/01/1989
Case Number: [89-01881](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$3,005.75
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/30/1989
Sum of All Relief Awarded: \$3,005.75

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

Disclosure 165 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-MARGIN CALLS; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/01/1989
Case Number: [89-02250](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$10,053.98
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/31/1990
Sum of All Relief Awarded: \$12,006.98

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

Disclosure 166 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED; UNKNOWN TYPE OF CONTROVERSIES
Arbitration Forum: NASD



Case Initiated: 01/01/1989
Case Number: [89-03926](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$27,057.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/30/1989
Sum of All Relief Awarded: \$372.00

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

Disclosure 167 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 05/25/1990
Case Number: [90-01162](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$1,900,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/21/1992
Sum of All Relief Awarded: \$274,428.55

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

Disclosure 168 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD



Case Initiated: 05/16/1990
Case Number: [90-01337](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$6,993.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/21/1991
Sum of All Relief Awarded: \$6,993.00

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

Disclosure 169 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/04/1990
Case Number: [90-01510](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$1,500.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/01/1991
Sum of All Relief Awarded: \$1,525.00

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

Disclosure 170 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD



Case Initiated: 10/13/1990
Case Number: [90-02360](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$13,875.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/26/1991
Sum of All Relief Awarded: \$2,312.50

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

Disclosure 171 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 12/14/1990
Case Number: [90-02817](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$2,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/05/1991
Sum of All Relief Awarded: \$2,960.00

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

Disclosure 172 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 12/27/1990
Case Number: [90-02861](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$6,343.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/05/1991
Sum of All Relief Awarded: \$1,025.10

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

Disclosure 173 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 12/27/1990
Case Number: [90-02876](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$9,500.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/12/1991
Sum of All Relief Awarded: \$9,500.00

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

Disclosure 174 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 02/08/1991
Case Number: [91-00399](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$425.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/22/1991
Sum of All Relief Awarded: \$105.00

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

Disclosure 175 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 03/01/1991
Case Number: [91-00623](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$30,281.40
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/08/1991
Sum of All Relief Awarded: \$5,000.00

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

Disclosure 176 of 239

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



ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 07/03/1991

Case Number: [91-01992](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$7,938.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/16/1992

Sum of All Relief Awarded: \$12,463.00

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

Disclosure 177 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-ERRORS-CHARGES

Arbitration Forum: NASD

Case Initiated: 08/08/1991

Case Number: [91-02181](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$97,975.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/27/1992

Sum of All Relief Awarded: \$1,750.00

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

Disclosure 178 of 239



Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 08/14/1991
Case Number: [91-02313](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$6,100.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/25/1992
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 179 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 03/30/1992
Case Number: [92-01006](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$2,375.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/16/1993
Sum of All Relief Awarded: \$500.00

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



Disclosure 180 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	07/15/1992
Case Number:	92-02014
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$5,500.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/10/1992
Sum of All Relief Awarded:	\$5,500.00

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

Disclosure 181 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	08/25/1992
Case Number:	92-02290
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$1,725.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/23/1993
Sum of All Relief Awarded:	\$1,725.00

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



Disclosure 182 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-DIVIDENDS; ACCOUNT RELATED-TRANSFER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	01/06/1993
Case Number:	92-03910
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OTHER TYPES OF SECURITIES
Sum of All Relief Requested:	\$10,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/04/1993
Sum of All Relief Awarded:	\$4,910.00

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

Disclosure 183 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	03/29/1993
Case Number:	93-00656
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$50,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	07/06/1994
Sum of All Relief Awarded:	\$10,000.00

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

Disclosure 184 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	12/01/1993
Case Number:	93-04822
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$191,371.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/08/1994
Sum of All Relief Awarded:	\$500.00

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

Disclosure 185 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY- MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	01/04/1994
Case Number:	93-05144
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS
Sum of All Relief Requested:	\$12,653.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/22/1994
Sum of All Relief Awarded:	\$4,986.75



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

Disclosure 186 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	02/16/1994
Case Number:	94-00394
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$22,475.44
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/04/1995
Sum of All Relief Awarded:	\$9,268.69

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

Disclosure 187 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	03/30/1994
Case Number:	94-01077
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$150,000.00
Disposition:	AWARD AGAINST PARTY



Disposition Date: 11/27/1995

Sum of All Relief Awarded: \$9,000.00

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

Disclosure 188 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 07/07/1994

Case Number: [94-01838](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS

Sum of All Relief Requested: \$1,884.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/09/1994

Sum of All Relief Awarded: \$2,009.00

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

Disclosure 189 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 09/02/1994

Case Number: [94-03354](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$13,041.00

Disposition: AWARD AGAINST PARTY



Disposition Date: 11/27/1995

Sum of All Relief Awarded: \$11,378.79

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

Disclosure 190 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 12/01/1994

Case Number: [94-03551](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$15,016.50

Disposition: AWARD AGAINST PARTY

Disposition Date: 08/22/1995

Sum of All Relief Awarded: \$5,005.50

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

Disclosure 191 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 10/24/1994

Case Number: [94-03717](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$9,396.17



Disposition: AWARD AGAINST PARTY
Disposition Date: 06/14/1995
Sum of All Relief Awarded: \$6,896.17

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

Disclosure 192 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 05/02/1995
Case Number: [94-04104](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; WARRANTS/RIGHTS
Sum of All Relief Requested: \$7,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 11/16/1995
Sum of All Relief Awarded: \$500.00

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

Disclosure 193 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 06/01/1995
Case Number: [95-02459](#)



Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$42,220.97
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/27/1996
Sum of All Relief Awarded: \$40,000.00

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

Disclosure 194 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 09/11/1995
Case Number: [95-04097](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$3,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/17/1996
Sum of All Relief Awarded: \$348.00

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

Disclosure 195 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum: NASD



Case Initiated: 02/14/1996
Case Number: [96-00372](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$159,475.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/04/1997
Sum of All Relief Awarded: \$201,319.00

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

Disclosure 196 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 03/21/1996
Case Number: [96-01096](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$18,625.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/04/1997
Sum of All Relief Awarded: \$19,650.00

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

Disclosure 197 of 239

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



ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 04/26/1996

Case Number: [96-01234](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$85,937.50

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/09/1996

Sum of All Relief Awarded: \$10,628.00

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

Disclosure 198 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 05/29/1996

Case Number: [96-02229](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$59,827.86

Disposition: AWARD AGAINST PARTY

Disposition Date: 01/22/1997

Sum of All Relief Awarded: \$19,900.00

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

Disclosure 199 of 239

Reporting Source: Regulator



Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	06/17/1996
Case Number:	96-02360
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$47,500.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/02/1997
Sum of All Relief Awarded:	\$5,000.00

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

Disclosure 200 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	06/17/1996
Case Number:	96-02517
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$160,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	09/03/1997
Sum of All Relief Awarded:	\$35,000.00

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



Disclosure 201 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE; EXECUTIONS-FAILURE TO EXECUTE
Arbitration Forum:	NASD
Case Initiated:	10/30/1996
Case Number:	96-03370
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$16,479.32
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/15/1998
Sum of All Relief Awarded:	\$17,236.00

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

Disclosure 202 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-MARGIN CALLS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	10/24/1996
Case Number:	96-03982
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$9,738.89
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/06/1997
Sum of All Relief Awarded:	\$1,000.00



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

Disclosure 203 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	10/16/1996
Case Number:	96-04392
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$7,500.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/25/1997
Sum of All Relief Awarded:	\$2,700.00

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

Disclosure 204 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	11/07/1996
Case Number:	96-04846
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$17,600.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/12/1997



Sum of All Relief Awarded: \$3,336.00

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

Disclosure 205 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 12/11/1996

Case Number: [96-05031](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$135,969.63

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/30/1997

Sum of All Relief Awarded: \$48,550.00

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

Disclosure 206 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 12/09/1996

Case Number: [96-05105](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$15,000.00



Disposition: AWARD AGAINST PARTY
Disposition Date: 09/19/1997
Sum of All Relief Awarded: \$5,000.00

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

Disclosure 207 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/09/1997
Case Number: [96-05804](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$35,750.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/28/1997
Sum of All Relief Awarded: \$1,000.00

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

Disclosure 208 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 02/07/1997
Case Number: [97-00174](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS; OPTIONS; OTHER TYPES OF SECURITIES



Sum of All Relief Requested: \$1,021,777.32
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/20/1998
Sum of All Relief Awarded: \$128,000.00

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

Disclosure 209 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 07/16/1997
Case Number: [97-02752](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$100,000.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 12/31/1998
Sum of All Relief Awarded: \$227,000.00

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

Disclosure 210 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 07/22/1997
Case Number: [97-03455](#)



Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested: \$2,138.10
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/30/1998
Sum of All Relief Awarded: \$1,442.07

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

Disclosure 211 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 08/28/1997
Case Number: [97-03955](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$5,200.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/06/1998
Sum of All Relief Awarded: \$6,050.00

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

Disclosure 212 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 10/09/1997

Case Number: [97-04258](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/09/1998
Sum of All Relief Awarded: \$125.00

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

Disclosure 213 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-COLLECTION; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 10/10/1997
Case Number: [97-04301](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$1,212.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/30/1998
Sum of All Relief Awarded: \$496.00

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

Disclosure 214 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 12/18/1997

Case Number: [97-05568](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$5,500.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/01/1998
Sum of All Relief Awarded: \$1,212.50

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

Disclosure 215 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 02/10/1998
Case Number: [97-06032](#)
Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested: \$3,346.92
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/15/1998
Sum of All Relief Awarded: \$125.00

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

Disclosure 216 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED



Arbitration Forum: NASD
Case Initiated: 08/07/1998
Case Number: [98-00212](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$3,875.44
Disposition: AWARD AGAINST PARTY
Disposition Date: 04/20/1999
Sum of All Relief Awarded: \$1,719.19

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

Disclosure 217 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: NASD
Case Initiated: 03/13/1998
Case Number: [98-00856](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$56,366.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/11/1999
Sum of All Relief Awarded: \$7,191.50

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

Disclosure 218 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION



Allegations:	ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	05/22/1998
Case Number:	98-01639
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; MUTUAL FUNDS
Sum of All Relief Requested:	\$909.19
Disposition:	AWARD AGAINST PARTY
Disposition Date:	08/24/1998
Sum of All Relief Awarded:	\$484.59

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

Disclosure 219 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	07/02/1998
Case Number:	98-02325
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$13,513.14
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/07/1999
Sum of All Relief Awarded:	\$9,000.00

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

Disclosure 220 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION



Allegations: EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 09/10/1998

Case Number: [98-03248](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$1,819.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 05/27/1999

Sum of All Relief Awarded: \$50.00

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

Disclosure 221 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-NEGLIGENCE; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 12/04/1998

Case Number: [98-03500](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$7,650.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 07/26/1999

Sum of All Relief Awarded: \$5,150.00

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

Disclosure 222 of 239

Reporting Source: Regulator



Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-MARGIN CALLS; NO OTHER CONTROVERSY INVOLVED; OTHER-ON-LINE TRADING DISPUTE

Arbitration Forum: NASD

Case Initiated: 12/10/1998

Case Number: [98-04064](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$1,962.01

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/22/2000

Sum of All Relief Awarded: \$408.00

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

Disclosure 223 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 11/19/1998

Case Number: [98-04280](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$16,525.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 02/08/2000

Sum of All Relief Awarded: \$14,898.14

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

Disclosure 224 of 239



Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 01/20/1999

Case Number: [98-04817](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; OPTIONS

Sum of All Relief Requested: \$16,133.36

Disposition: AWARD AGAINST PARTY

Disposition Date: 06/02/2000

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 225 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-TRANSFER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 01/28/1999

Case Number: [98-04823](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$5,478.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 12/13/1999

Sum of All Relief Awarded: \$4,218.00

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



Disclosure 226 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-MARGIN CALLS; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	02/09/1999
Case Number:	98-04971
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$405,387.87
Disposition:	AWARD AGAINST PARTY
Disposition Date:	10/28/1999
Sum of All Relief Awarded:	\$13,500.00

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

Disclosure 227 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	02/16/1999
Case Number:	99-00408
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; OPTIONS
Sum of All Relief Requested:	\$545,402.59
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/14/2000
Sum of All Relief Awarded:	\$164,038.00

There may be a non-monetary award associated with this arbitration.

Please select the Case Number above to view more detailed information.

Disclosure 228 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	02/23/1999
Case Number:	99-00560
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$80,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	04/20/2000
Sum of All Relief Awarded:	\$24,750.00

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

Disclosure 229 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	NO OTHER CONTROVERSY INVOLVED; OTHER-ON-LINE TRADING DISPUTE
Arbitration Forum:	NASD
Case Initiated:	03/12/1999
Case Number:	99-00772
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$13,800.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	12/13/1999
Sum of All Relief Awarded:	\$75.00

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

Disclosure 230 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	EXECUTIONS-EXECUTION PRICE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	05/06/1999
Case Number:	99-01237
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$5,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/15/1999
Sum of All Relief Awarded:	\$62.50

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

Disclosure 231 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	07/02/1999
Case Number:	99-01827
Disputed Product Type:	NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested:	\$4,437.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	11/24/1999
Sum of All Relief Awarded:	\$481.26



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

Disclosure 232 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	06/11/1999
Case Number:	99-02190
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$260,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/19/2001
Sum of All Relief Awarded:	\$20,750.00

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

Disclosure 233 of 239

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-BREACH OF CONTRACT; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum:	NASD
Case Initiated:	06/11/1999
Case Number:	99-02554
Disputed Product Type:	COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$10,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/14/2000



Sum of All Relief Awarded: \$3,750.00

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

Disclosure 234 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-SUITABILITY;
NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 07/21/1999

Case Number: [99-02925](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; MUNICIPAL BONDS

Sum of All Relief Requested: \$11,109.89

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/30/2000

Sum of All Relief Awarded: \$1,368.01

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

Disclosure 235 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-
BREACH OF CONTRACT; EXECUTIONS-INCORRECT QUANTITY; NO OTHER
CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 08/05/1999

Case Number: [99-03259](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$5,043,954.59



Disposition: AWARD AGAINST PARTY

Disposition Date: 05/02/2001

Sum of All Relief Awarded: \$40,175.00

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

Disclosure 236 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT RELATED-OTHER; NO OTHER CONTROVERSY INVOLVED

Arbitration Forum: NASD

Case Initiated: 11/03/1999

Case Number: [99-03782](#)

Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE

Sum of All Relief Requested: \$4,000.00

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/24/2000

Sum of All Relief Awarded: \$4,000.00

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

Disclosure 237 of 239

Reporting Source: Regulator

Type of Event: ARBITRATION

Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE

Arbitration Forum: NASD

Case Initiated: 11/04/1999

Case Number: [99-04810](#)

Disputed Product Type: NO OTHER TYPE OF SEC INVOLVE; UNKNOWN TYPE OF SECURITIES

Sum of All Relief Requested: \$55,626.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/24/2001
Sum of All Relief Awarded: \$6,612.60

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

Disclosure 238 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; EXECUTIONS-OTHER; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 11/30/1999
Case Number: [99-04997](#)
Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$8,065.41
Disposition: AWARD AGAINST PARTY
Disposition Date: 06/23/2000
Sum of All Relief Awarded: \$950.00

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

Disclosure 239 of 239

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: EXECUTIONS-FAILURE TO EXECUTE; NO OTHER CONTROVERSY INVOLVED
Arbitration Forum: NASD
Case Initiated: 01/10/2000
Case Number: [99-05437](#)



Disputed Product Type: COMMON STOCK; NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested: \$7,885.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/26/2000
Sum of All Relief Awarded: \$770.00

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

Civil Bond

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

Disclosure 1 of 2

Reporting Source:	Firm
Policy Holder:	CHARLES SCHWAB & CO., INC.
Bonding Company Name:	NOT KNOWN - NOT DISCLOSED ON SCHEDULE D OF OLD FORM BD
Disposition:	Payout
Disposition Date:	06/01/1983
Payout Details:	\$185,884.53. PAYOUT DATE NOT LISTED ON SCHEDULE D OF OLD FORM BD
Firm Statement	AMOUNT RECOVERED FROM INSURANCE: 100% LESS \$50,000 DEDUCTIBLE. TYPE OF LOSS WAS FIDELITY. LOCATION OF LOSS: PORTLAND, OREGON BRANCH OFFICE. NO OTHER DETAILS PROVIDED ON SCHEDULE D OF OLD FORM BD.

Disclosure 2 of 2

Reporting Source:	Firm
Policy Holder:	CHARLES SCHWAB & CO., INC.
Bonding Company Name:	NOT AVAILABLE - NAME NOT DISCLOSED ON SCHEDULE D OF OLD FORM BD
Disposition:	Payout
Disposition Date:	10/01/1980
Payout Details:	\$563,000. EXACT DATE PAID NOT DISCLOSED ON SCHEDULE D OF OLD FORM BD.
Firm Statement	AMOUNT RECOVERED FROM INSURANCE WAS 100% LESS \$25,000 DEDUCTABLE. TYPE OF LOSS: FIDELITY. LOCATION OF LOSS: NEWPORT BEACH, CALIFORNIA. NO OTHER INFORMATION PROVIDED ON SCHEDULE D OF OLD FORM BD



Disclosure Events for Non-Registered Control Affiliates

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	1	0

Disclosure Event Details

Regulatory - Final

Disclosure 1 of 1

Reporting Source:	Firm
Affiliate:	CHARLES SCHWAB, U.K., LIMITED
Current Status:	Final
Allegations:	BETWEEN 1 AUGUST 2017 AND 22 APRIL 2019 (THE "PRINCIPLE 10 RELEVANT PERIOD") CSUK BREACHED PRINCIPLE 10 OF THE AUTHORITY'S PRINCIPLES FOR BUSINESSES ("THE PRINCIPLES") AND ASSOCIATED RULES IN THE AUTHORITY'S CLIENT ASSETS SOURCEBOOK ("CASS"). FURTHER, BETWEEN 1 AUGUST 2017 AND 22 MARCH 2018 (THE "SECTION 20 RELEVANT PERIOD") CSUK BREACHED SECTION 20 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"). IN ADDITION, ON 12 JANUARY 2018, CSUK BREACHED PRINCIPLE 11.
Initiated By:	FINANCIAL CONDUCT AUTHORITY
Date Initiated:	06/28/2019
Docket/Case Number:	REFERENCE NUMBER: 225116
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Disgorgement
Other Sanction(s)/Relief Sought:	
Resolution:	Settled
Resolution Date:	12/11/2020
Sanctions Ordered:	Monetary/Fine \$8,963,200.00 Disgorgement/Restitution
Other Sanctions Ordered:	FINANCIAL PENALTY IMPOSED £8,963,200
Sanction Details:	CSUK AGREED TO RESOLVE THIS MATTER AND QUALIFIED FOR A 30% DISCOUNT UNDER THE AUTHORITY'S EXECUTIVE SETTLEMENT PROCEDURES.
Firm Statement	AN INVESTIGATION BY THE FINANCIAL CONDUCT AUTHORITY, IN RELATION TO CHARLES SCHWAB UK'S ACTIVITIES DURING THE PERIOD 1 AUGUST 2017 TO 22 APRIL 2019, HAS BEEN SETTLED. CHARLES SCHWAB UK FULLY



COOPERATED WITH THE FCA'S INVESTIGATION, HAS ADDRESSED THE ISSUES IDENTIFIED, AND AGREED TO A PENALTY OF £8,963,200. CHARLES SCHWAB UK MAINTAINS THE HIGHEST STANDARDS OF SERVICE, GOVERNANCE, AND SECURITY, AND ALTHOUGH NO CLIENTS OR ASSETS WERE NEGATIVELY IMPACTED, REGRETS THE ERRORS AND ARE PLEASED THIS MATTER HAS BEEN RESOLVED

End of Report



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