

BrokerCheck Report

PATRICK STEVEN NELSON

CRD# 3059819

Report #61773-90469, data current as of Friday, July 8, 2016.

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About BrokerCheck®

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

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

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

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

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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

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.

PATRICK S. NELSON

CRD# 3059819

This broker is not currently registered.

Report Summary for this Broker



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

Broker Qualifications

This broker is not currently registered.

This broker has passed:

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

Registration History

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

STEVEN L. FALK & ASSOCIATES INC.
 CRD# 14297
 LAS VEGAS, NV
 07/2010 - 05/2011

WHITE PACIFIC SECURITIES, INC.
 CRD# 42505
 ALISO VIEJO, CA
 10/2004 - 07/2010

ALLEGISONE SECURITIES, INC.
 CRD# 43390
 NEWPORT BEACH, CA
 03/2004 - 09/2004

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Customer Dispute	5

Broker Qualifications



Registrations

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

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

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

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

Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	09/28/2005

General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	06/22/1998

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	11/03/2005
Uniform Investment Adviser Law Examination	Series 65	09/15/2001

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



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
07/2010 - 05/2011	STEVEN L. FALK & ASSOCIATES INC.	14297	LAS VEGAS, NV
10/2004 - 07/2010	WHITE PACIFIC SECURITIES, INC.	42505	ALISO VIEJO, CA
03/2004 - 09/2004	ALLEGISONE SECURITIES, INC.	43390	NEWPORT BEACH, CA
08/2000 - 12/2001	CSFBDIRECT, INC.	42159	JERSEY CITY, NJ
03/1999 - 08/1999	DISCOVER BROKERAGE DIRECT, INC.	34925	SAN FRANCISCO, CA
06/1998 - 02/1999	FIDELITY BROKERAGE SERVICES, INC.	7784	SMITHFIELD, RI

Employment History

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

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

Employment Dates	Employer Name	Employer Location
08/2011 - Present	NELSONREID, INC.	HOUSTON, TX
05/2007 - Present	NELSON BROTHERS PROFESSIONAL REAL ESTATE, LLC	ALISO VIEJO, CA
07/2010 - 05/2011	STEVEN L. FALK & ASSOCIATES, INC.	LAS VEGAS, NV
09/2004 - 07/2010	WHITE PACIFIC SECURITIES, INC.	SAN FRANCISCO, CA

Other Business Activities

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

NELSON BROTHERS PROFESSIONAL REAL ESTATE LLC., INVESTMENT-RELATED. 130 VANTIS, SUITE 150, ALISO VIEJO, CA 92656. REAL ESTATE SPONSOR FIRM TO ACQUIRE, SYNDICATE AND MANAGE MUTUALLY OWNED REAL ESTATE PROPERTIES FOCUSED ON UNIVERSITY STUDENT HOUSING AND ASSISTED LIVING FACILITIES.PRINCIPAL. STARTED 5/07. 150 HRS./MO. DEVOTED TO BUSINESS W/ 130 HRS./MO. DEVOTED TO BUSINESS DURING TRADING HRS.

Registration and Employment History



Other Business Activities, continued

NELSON BROTHERS PROPERTY MANAGEMENT, INC. NOT INVESTMENT-RELATED. 130 VANTIS, SUITE 150, ALISO VIEJO, CA 92656.
PROPERTY MANAGEMENT FIRM. STARTED 11/07. 5 HRS./MO. DEVOTED TO BUSINESS W/ 0 HRS. DEVOTED DURING TRADING HRS. DUTIES INCLUDE OVERSEEING PROPERTY MANAGEMENT.

1031 STRATEGY INC., NOT INVESTMENT-RELATED. 130 VANTIS, SUITE 150, ALISO VIEJO, CA 92656.
REAL ESTATE CLOSING, EDUCATION AND WORKSHOP FIRM. STARTED 11/07. 3 HRS./ MO DEVOTED TO BUAINESS W/ 0 HRS. DEVOTED DURING TRADING HRS.



Disclosure Events

What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
 - A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
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3. **Disclosure events in BrokerCheck reports come from different sources:**
 - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
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4. **There are different statuses and dispositions for disclosure events:**
 - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

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

	Pending	Final	On Appeal
Regulatory Event	0	1	0



Customer Dispute	0	5	N/A
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Disclosure Event Details

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

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

Regulatory - Final

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

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Suspension
Date Initiated:	01/29/2016
Docket/Case Number:	11-03381
Employing firm when activity occurred which led to the regulatory action:	N/A
Product Type:	No Product
Allegations:	Respondent Nelson failed to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.
Current Status:	Final
Resolution:	Letter



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

No

Resolution Date:

01/29/2016

Sanctions Ordered:

Suspension

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

No

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



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

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

Sanction 1 of 1

Sanction Type:	Suspension
Capacities Affected:	any capacity
Duration:	N/A
Start Date:	01/29/2016
End Date:	07/06/2016



Regulator Statement

Pursuant to Article VI, Section 3 of FINRA By-Laws, and FINRA Rule 9554, Respondent Nelson is suspended on January 29, 2016 for failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance. Suspension lifted on July 6, 2016.



Customer Dispute - Award/Judgment

This type of disclosure event involves a final, consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the broker that resulted in an arbitration award or civil judgment for the customer.

Disclosure 1 of 2

Reporting Source:	Regulator
Employing firm when activities occurred which led to the complaint:	WHITE PACIFIC SECURITIES, INC.,
Allegations:	MISREPRESENTATIONS, NEGLIGENCE, BREACH OF FIDUCIARY, BREACH OF CONTRACT, OMISSIONS OF MATERIAL FACT, AND UNSUITABLE INVESTMENTS.
Product Type:	Other: UNSPECIFIED SECURITIES
Alleged Damages:	\$525,000.00

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.:	FINRA - CASE #11-03381
Date Notice/Process Served:	08/29/2011
Arbitration Pending?	No
Disposition:	Award
Disposition Date:	06/02/2015
Disposition Detail:	RESPONDENT NELSON IS LIABLE FOR AND SHALL PAY TO CLAIMANT COMPENSATORY DAMAGES IN THE AMOUNT OF \$50,000.00.

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	WHITE PACIFIC SECURITIES
Allegations:	MISREPRESENTATIONS OF MATERIAL FACTS, OMISSIONS OF MATERIAL FACT
Product Type:	Other: 1031 EXCHANGE
Alleged Damages:	\$525,000.00



Alleged Damages Amount PLUS INTEREST, PORTFOLIO PROFITS
Explanation (if amount not exact):

Arbitration Information

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

Docket/Case #: [11-03381](#)

Date Notice/Process Served: 09/07/2011

Arbitration Pending? No

Disposition: Dismissed

Disposition Date: 01/15/2013

Disclosure 2 of 2

Reporting Source: Regulator

Employing firm when activities occurred which led to the complaint: WHITE PACIFIC SECURITIES INC.,

Allegations: MISREPRESENTATIONS OF MATERIAL FACTS AND/OR OMISSION OF MATERIAL FACTS; BREACH OF FIDUCIARY DUTY; NEGLIGENCE; UNSUITABLE INVESTMENTS;

Product Type: Other: REAL ESTATE INVESTMENTS

Alleged Damages: \$606,400.00

Arbitration Information

Arbitration/Reparation Claim filed with and Docket/Case No.: [FINRA - CASE #08-04499](#)

Date Notice/Process Served: 11/25/2008

Arbitration Pending? No

Disposition: Award

Disposition Date: 08/02/2010

Disposition Detail: RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY A



CLAIMANT COMPENSATORY DAMAGES IN THE SUM OF \$130,000.00.

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY THE CLAIMANT INTEREST ON THE \$130,000.00 AT THE RATE OF 10% PER ANNUM FROM JUNE 29, 2010 UNTIL THE AWARD TO THE CLAIMANT IS PAID IN FULL.

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY ANOTHER CLAIMANT COMPENSATORY DAMAGES IN THE SUM OF \$200,000.00.

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY THE CLAIMANT INTEREST ON THE \$200,000.00 AT THE RATE OF 10% PER ANNUM FROM JUNE 29, 2010 UNTIL THE AWARD TO THE CLAIMANT IS PAID IN FULL.

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY A CLAIMANT'S TRUST COMPENSATORY DAMAGES IN THE SUM OF \$660,000.00.

RESPONDENT IS JOINTLY AND SEVERALLY LIABLE FOR AND SHALL PAY THE CLAIMANT'S TRUST INTEREST ON THE \$660,000.00 AT THE RATE OF 10% PER ANNUM FROM JUNE 29, 2010 UNTIL THE AWARD TO THE CLAIMANT'S TRUST IS PAID IN FULL.

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	WHITE PACIFIC SECURITIES
Allegations:	MISREPRESENTATIONS OF MATERIAL FACTS AND/OR OMISSION OF MATERIAL FACTS; BREACH OF FIDUCIARY DUTY, NEGLIGENCE; UNSUITABLE INVESTMENTS
Product Type:	Other: REAL ESTATE INVESTMENT
Alleged Damages:	\$606,400.00
Customer Complaint Information	
Date Complaint Received:	11/25/2008
Complaint Pending?	No
Status:	Arbitration Award/Monetary Judgment (for claimants/plaintiffs)



Status Date: 08/02/2010

Settlement Amount: \$990,000.00

Individual Contribution Amount: \$0.00

Arbitration Information

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

Docket/Case #: [08-04499](#)

Date Notice/Process Served: 11/25/2008

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 08/02/2010

Monetary Compensation Amount: \$990,000.00

Individual Contribution Amount: \$0.00

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: WHITE PACIFIC SECURITIES

Allegations: ALLEGED UNSUITABILITY AND FAILURE TO DISCLOSE SEVERAL REAL ESTATE INVESTMENTS, THE ABOVE INVESTED IN. SOME WERE NOT EVEN RECOMMENDED NOR INVESTED THROUGH PAT NELSON NOR WHITE PACIFIC SECURITIES. SOUTHFOLK WENT UNDER AND SO THEY ARE COMING AFTER WHITE PACIFIC SECURITIES.

Product Type: Direct Investment-DPP & LP Interests

Alleged Damages: \$660,000.00

Is this an oral complaint? No

Is this a written complaint? No

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



**Arbitration/Reparation forum
or court name and location:** FINRA

Docket/Case #: 08-04499

**Filing date of
arbitration/CFTC reparation
or civil litigation:** 12/12/2008

Customer Complaint Information

Date Complaint Received: 12/12/2008

Complaint Pending? No

Status: Evolved into Arbitration/CFTC reparation (the individual is a named party)

Status Date: 06/01/2011

Settlement Amount: \$1,019,000.00

**Individual Contribution
Amount:** \$75,000.00

Arbitration Information

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

Docket/Case #: [08-04499](#)

Date Notice/Process Served: 12/12/2008

Arbitration Pending? No

Disposition: Award to Customer

Disposition Date: 02/28/2011

**Monetary Compensation
Amount:** \$1,156,791.19

**Individual Contribution
Amount:** \$0.00

Broker Statement THE THREE SISTERS REPRESENTED TO BE ACCREDITED INVESTORS. THEY EACH INHERITED OVER \$400,000 TOTALING OVER \$1.2 MILLION. THEY ONLY INVESTED A COMBINED TOTAL AMOUNT OF JUST OVER \$250,000 THROUGH WPS AND PATRICK NELSON. TOTAL COMISISON WAS LESS THAN \$15,000. THE SISTERS LIED ABOUT ALMOST EVERY ASPECT OF THE CASE AND WENT AWAY FROM WPS AND PATRICK NELSON AND



INVESTED AN ADDITIONAL \$350,000 ON HERE OWN. THEY ALSO SIGNED NUMEROUS DOCUMENTS STATING THEIR NET WORTHS AND UNDERSTANDINGS. THE FINRA PANEL GAVE NO EXPLANATION OF THEIR REWARD AMOUNT NOR ANY REASONING. THIS CASE DEPICTS EVERYTHING THATS WRONG WITH FINRA. NOT ONE ARBITRATOR HAS EVER DONE ANY BUSINESS, THEY WERE ALL SAN FRANCISCO ATTORNEYS.



Customer Dispute - Settled

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

Disclosure 1 of 3

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	WHITE PACIFIC SECURITIES
Allegations:	UNSUITABILITY, BREACH OF FIDUCIARY DUTY, NEGLIGENCE, BREACH OF CONTRACT, MATERIAL OMISSIONS, FAILURE TO SUPERVISE, FRAUD, VIOLATIONS OF CODES
Product Type:	Other: 1031 EXCHANGE
Alleged Damages:	\$800,000.00
Alleged Damages Amount Explanation (if amount not exact):	\$416,500 COMPENSATORY DAMAGES \$208,500 INTEREST \$ MANAGEMENT FEES COMMISSIONS \$ COSTS OF SUIT \$ PUNITIVE DAMAGES

Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):	FINRA
Docket/Case #:	11-03297
Date Notice/Process Served:	09/01/2011
Arbitration Pending?	No
Disposition:	Settled
Disposition Date:	04/01/2013
Monetary Compensation Amount:	\$35,000.00
Individual Contribution Amount:	\$35,000.00

Disclosure 2 of 3



Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: WHITE PACIFIC SECURITIES

Allegations: BREACH OF FIDUCIARY DUTY, MISREPRESENTATION, NEGLIGENCE AND BREACH OF CONTRACT

Product Type: Real Estate Security

Alleged Damages: \$1,046,214.00

Arbitration Information

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

Docket/Case #: 10-03964

Date Notice/Process Served: 09/12/2010

Arbitration Pending? No

Disposition: Settled

Disposition Date: 12/14/2011

Monetary Compensation Amount: \$45,000.00

Individual Contribution Amount: \$45,000.00

Reporting Source: Broker

Employing firm when activities occurred which led to the complaint: WHITE PACIFIC

Allegations: INVESTORS SOLD AN OFFICE BUILDING FOR \$5.2 MILLION. THEY NETTED APPROXIMATELY \$3.3 MILION IN EQUITY AND WNATED TO DO A 1031 EXCHANGE TO AVOID TAXES. WE SUGGESTED DIVERSIFYING INTO 6 DIFFERENT PROPERTIES. THEY DEMANDED ON TWO WITH US AND ONLY WANTED THE LARGEST SPONSOR FIRMS IN LARGE OFFICE SPACE. THEY CHOSE TRIPLE NET AND THIS PROPERTY WITH US BANK TH EMAIN TENANT IN FLORIDA. FLORIDA REAL ESTATE AND TH ECONOMY WENT DOWN AND SEVERAL TENANTS WENT BANKRUPT. HOWEVER THE PROPERTY IS CURRENTLY 85% PLUS OCCUPIED AND MADE ALL ITS



PAYMENTS AND STILL VAIABLE.

Product Type: Direct Investment-DPP & LP Interests

Alleged Damages: \$1,046,214.00

Arbitration Information

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

Docket/Case #: 10-03964

Date Notice/Process Served: 10/15/2010

Arbitration Pending? No

Disposition: Settled

Disposition Date: 12/14/2011

Monetary Compensation Amount: \$45,000.00

Individual Contribution Amount: \$45,000.00

Broker Statement

THE DRS NETTED OVER \$3.2 MILLION IN EQUITY AND HAD ATAX LIABILITY OF CLOSE TO \$2 MILLION. THEY DID NOT FOLLOW OUR RECOMMENDATION TO DIVERSIFY INTO 5 OR 6 PROPERTIES BUT DEMANDED ONLY CERTAIN PROPERTY TYPES FOMR ONLY THE LARGEST SPONSORS. THEY CHOSE THIS PROPERTY BASED ON THAT CRITERIA. EVEN THOUGH WE RECOMMENDED AND THEY INVESTED IN STUDENT HOSUING WHICH IS STILL VIABLE AND CASH FLOWING, AND DID INVEST ANOTHER MILLION IN ANOTHER PROEPRTY THROUGH A SPERATE BROKER, THERE IS NO MENTION OF THESE PROEPRTIES, OR OUR RECOMMENDATION, WHICH IS DOCUMENTED TO DIVERSIFY. THE PROEPRTY IN QUESTIONS IS ALSO CASH STILL VIABLE AND OVER 85% OCCUPIED CURRENTLY. IT IS IN NORTH MIAMI, WHICH AT TH ETIME WAS ONE OF THE TIGHTES OFFICE MARKETS IN TH ECOUNTRY. HOWEVER, THE PROPERTY LOST SEVERAL TENANTS AND VALUE WITH DROPPING LEASING RATES WHEN THE FLORIDA REAL ESTATE MARKET AND ECONOMY CRASHED.

Disclosure 3 of 3

Reporting Source: Firm



Employing firm when activities occurred which led to the complaint:	WHITE PACIFIC SECURITIES
Allegations:	FRAUD, MISREPRESENTATION, NEGLIGENCE, BREACH OF CONTRACT AND BREACH OF FIDUCIARY DUTY
Product Type:	Real Estate Security
Alleged Damages:	\$303,000.00
Arbitration Information	
Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):	FINRA
Docket/Case #:	10-04046
Date Notice/Process Served:	09/24/2010
Arbitration Pending?	No
Disposition:	Settled
Disposition Date:	11/30/2011
Monetary Compensation Amount:	\$14,999.00
Individual Contribution Amount:	\$14,999.00

End of Report



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