

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ACAP FINANCIAL INC.
(CRD No. 7731),

KIRK LYNN FERGUSON
(CRD No. 1307741),

and

GARY HUME
(CRD No. 1216949),

Respondents.

DISCIPLINARY PROCEEDING
No. 2012030459101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between January 2011 and December 2013 (the “Relevant Period”), ACAP Financial Inc. (“ACAP” or the “Firm”), acting through Kirk Lynn Ferguson in his capacity as ACAP’s President and Chief Compliance Officer (“CCO”), and Gary Hume, the Anti-Money Laundering Compliance Officer (“AMLCO”) (collectively, the “Respondents”), facilitated the liquidation of over 3.3 billion shares of four unregistered microcap stocks that two customers deposited into their accounts at the Firm.
2. The accounts at issue were opened for two corporations by an individual named VB. While VB was the only authorized contact on both accounts, ACAP permitted her husband,

JMB, to exercise control over both accounts and to direct ACAP to liquidate unregistered penny stocks in the accounts. But ACAP failed, in the face of red flags, to conduct an investigation into JMB. Thus, the Firm failed to discover JMB's significant securities-related disciplinary history, which included being barred by the NASD and being barred by the SEC from participating in penny stock offerings.

3. The penny stock liquidation activity in the two aforementioned accounts (the "VB/JMB-Controlled Accounts") followed the same pattern: (1) the accounts acquired penny stocks or debt instruments that were later converted into purported free-selling shares of penny stocks; (2) VB and/or JMB liquidated the shares shortly after deposit; and (3) VB and/or JMB wired the proceeds out of their accounts shortly after the sales. Sales of certain of the penny stocks often represented a significant percentage of the stock's outstanding shares and its daily trading volume. Further, the shares were not registered with the Securities and Exchange Commission ("SEC"), nor were the sales exempt from registration. Thus, Respondents violated FINRA Rule 2010 by causing the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933 ("Securities Act"). From these illicit sales, VB and JMB generated over \$5 million in proceeds, and the Firm collected approximately \$144,010 in commissions.

4. Also throughout the Relevant Period, numerous other Firm customers liquidated billions of shares of penny stocks in transactions that presented numerous red flags, yet Respondents often failed to detect the red flags, and, even when red flags were detected, the Respondents took no action to investigate them or determine whether to file a Suspicious Activity Report ("SAR"). Collectively, these failures show that ACAP and Hume, as the Firm's AMLCO, violated FINRA Rules 3310 and 2010 by failing to establish and implement policies and procedures that could reasonably detect and cause the reporting of suspicious activity.

5. In addition, ACAP and Ferguson, as its president and CCO, failed to establish, maintain, and enforce a supervisory system and written supervisory procedures that were reasonably designed to achieve compliance with the securities laws and rules. In particular, ACAP's Written Supervisory Procedures ("WSPs") were deficient because they provided insufficient guidance on how and when to conduct an independent searching inquiry into the registration requirements of Section 5 of the Securities Act ("Section 5") and its exemptions. As a result, ACAP and Ferguson violated NASD Rule 3010 and FINRA Rule 2010.

6. Ferguson, as Hume's direct supervisor, failed to supervise Hume, as the registered representative on the accounts, to ensure that he conducted a reasonable and meaningful inquiry and independent due diligence in connection with his customers' penny stock liquidations. Ferguson further failed to adequately and meaningfully analyze documents collected from Firm customers and to independently verify the provided information, and failed to identify red flags that indicated that penny stock sales were or could be illegal distributions of unregistered stocks. As a result, ACAP and Ferguson violated NASD Rule 3010 and FINRA Rule 2010.

7. Finally, from November 2012 through March 2013, ACAP lacked any procedures to ensure that the multiple users of a shared email address indicated, within each email, the names of the persons who prepared and transmitted each communication. As a result, ACAP and Ferguson violated NASD Rule 3010 and FINRA Rule 2010.

RESPONDENTS AND JURISDICTION

A. ACAP Financial Inc.

8. ACAP (CRD No. 7731) is a Salt Lake City, Utah-based broker-dealer and has been registered with FINRA since December 12, 1978. The Firm employs approximately eleven registered representatives and offers retail brokerage services. During the Relevant Period, the

Firm's largest business line, and its primary source of revenue, was liquidating low-priced securities (also referred to as "penny stocks").

9. ACAP is a recidivist violator of Section 5 and the related supervisory and anti-money laundering ("AML") rules that regulate the sale of unregistered penny stocks.

10. In April 2015, the United States Court of Appeals for the Tenth Circuit affirmed a long-appealed FINRA decision (Complaint No. 2007008239001), in which ACAP was fined \$100,000 for selling unregistered securities in violation of Section 5, and Hume was suspended from the securities industry for six months and fined \$25,000 for egregious supervisory violations in connection with the Firm's sale of unregistered securities. The two-count Complaint filed in that matter alleged that from May 9, 2005 through July 26, 2005, ACAP sold over 27,000,000 unregistered shares of a thinly-traded penny stock, and that ACAP and Hume failed to reasonably supervise the registered representative responsible for the sales, and failed to establish, maintain, and enforce written procedures reasonably designed to achieve compliance with the applicable securities laws and regulations. The Firm and Hume stipulated to liability concerning the allegations in both causes of action.

11. In March 2012, ACAP and Hume were again sanctioned by FINRA for penny stock-related rule violations, this time in connection with the Firm's AML program (AWC No. 20090176019). In particular, from January 2009 through June 2011, the Firm, and Hume as its AMLCO, failed to establish and maintain an adequate system to monitor for, detect, and investigate suspicious activity to determine whether the Firm needed to file a SAR, and failed to have an adequate system or procedures to report suspicious activity. Ultimately, the Firm was fined \$10,000 and required to engage an independent consultant to review its AML procedures, and Hume was suspended for 45 days and required to complete 40 hours of AML training.

12. Under Article IV of the FINRA By-Laws, FINRA possesses jurisdiction over ACAP because: (a) the firm currently is a FINRA member; and (b) the Complaint charges the firm with securities-related misconduct committed while it was a FINRA member.

B. Kirk Lynn Ferguson

13. Kirk Lynn Ferguson (CRD No. 1307741) entered the securities industry in 1984 and was first registered as a Financial and Operations Principal (“FINOP”) and General Securities Representative in 1985 and as a General Securities Principal in 1987 with Alliance Securities Corporation.

14. Ferguson acquired ACAP in 1991 and has been its sole owner since that time. Throughout the Relevant Period, Ferguson served as ACAP’s owner, President, FINOP, CEO, CFO, and CCO, and the direct supervisor of registered representative Hume.

15. Ferguson currently holds the following registrations at ACAP: Financial and Operations Principal, General Securities Representative, General Securities Principal, Limited Representative - Investment Banking, and Operations Professional.

16. Under Article V of the FINRA By-Laws, FINRA possesses jurisdiction over Ferguson because: (a) he currently is associated with a FINRA member and registered with FINRA; and (b) the Complaint charges him with securities-related misconduct committed while he was associated with a FINRA member and registered with FINRA.

C. Gary Hume

17. Gary Hume (CRD No. 1216949) entered the securities industry in 1983 and was first registered as a FINOP in July 1984. He joined ACAP as a FINOP in September 1991.

18. Hume was registered with ACAP as a Financial and Operations Principal from September 10, 1991 to August 3, 2015, a General Securities Representative and a General

Securities Principal from April 4, 1997 to August 3, 2015, a Limited Representative - Investment Banking from May 6, 2010 to August 3, 2015, an Equity Trader from August 18, 2006 to August 3, 2015, and as an Operations Professional from December 14, 2011 to August 3, 2015.

19. Hume served as ACAP's AMLCO from 2009 to August 2015. Between July 2011 and August 2015, Hume also acted as a compliance officer at ACAP.

20. As noted, Hume has a disciplinary history related specifically to the sale of unregistered securities, and supervision and AML monitoring concerning the same. Pursuant to the Tenth Circuit's decision, described above, Hume was suspended from association with any FINRA member firm in any capacity, from August 3, 2015, through February 2, 2016.

21. Although Hume is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Hume's registration with ACAP, namely, August 3, 2015; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

A. ACAP and Hume Facilitated the Liquidation of Penny Stocks through the VB/JMB-Controlled Accounts

1. ACAP Customer VB Opens Two ACAP Accounts

22. VB opened the two VB/JMB-Controlled Accounts at ACAP during the Relevant Period. The first account, opened in May 2011, was for a Florida corporation called BL. According to the new account forms prepared for BL, VB was the only authorized contact for the account. Later, in December 2012, VB opened an ACAP account for a second Florida

corporation called MLJ. Like BL, the MLJ new account forms listed VB as the only authorized contact for the account.

23. Throughout the Relevant Period, Hume was the only registered representative at ACAP assigned to the BL and MLJ accounts.

24. Despite that VB was the only person authorized to effect securities transactions on behalf of BL and MLJ, the primary contact email address associated with the BL and MLJ accounts was for VB's husband JMB. Throughout the Relevant Period, ACAP and Hume permitted both VB and JMB to liquidate penny stocks in both the BL and MLJ accounts, even though JMB was never listed as a person authorized to effect securities transactions in either account.

2. Hume Failed to Conduct Due Diligence on JMB in the Face of Red Flags and Failed to Discover his Relevant Disciplinary History

25. Hume was aware that JMB was directing trades in accounts over which he held no trading authority and that those accounts were depositing thinly traded low-priced securities and promptly liquidating those securities and wiring out the proceeds.

26. However, despite the presence of these red flags, Hume never conducted any due diligence on JMB.

27. However, had Hume conducted any due diligence on JMB, he would have discovered that prior to the Relevant Period, JMB was barred by the NASD in all capacities and was barred by the SEC from engaging in penny stock activities.

28. In 1998, JMB was barred by the NASD from association with any member firm for conducting a securities business through a member firm while his registration was inactive; falsifying firm records, confirmations, order tickets and customer account statements; and engaging in a scheme to circumvent NASD and various state registration requirements by

deliberately processing transactions under another registered representative's number. In addition to being barred, JMB was censured and fined \$100,000.

29. In September 2001, the SEC filed a complaint against JMB and others in the United States District Court for the Southern District of Texas (the "JMB Complaint"). The JMB Complaint alleged, among other things, that JMB liquidated millions of unregistered shares of stock in violation of Sections 5(a) and 5(c) of the Securities Act.

30. In connection with the September 2001 SEC action, a Final Judgment was entered against JMB, pursuant to which he was permanently enjoined from violating Sections 5(a) and 5(c), and ordered to disgorge \$350,000. In November 2001, the SEC instituted an administrative proceeding that barred JMB from participating in any penny stock offering, including acting as a promoter, finder, consultant, agent, or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

31. Despite JMB's significant and relevant disciplinary history, ACAP and Hume permitted the VB/JMB-Controlled Accounts to liquidate millions of shares of penny stocks at ACAP without conducting a reasonable inquiry and without considering whether a SAR needed to be filed, if appropriate. Indeed, throughout the Relevant Period, the VB/JMB-Controlled Accounts sold over 3.3 billion shares of unregistered penny stocks, which generated over \$5 million in proceeds.

3. ACAP Facilitated the Liquidation of Millions of Unregistered MPIX Shares through the VB/JMB-Controlled Accounts

32. During the Relevant Period, Mindpix Corporation ("MPIX") was not a reporting company pursuant to the Securities Exchange Act of 1934 (the "Exchange Act").

33. Between June 2012 and August 2013 (the “MPIX Liquidation Period”), VB and JMB engaged in a pattern of depositing shares of MPIX stock into the VB/JMB-Controlled Accounts, liquidating the shares shortly after depositing them, and wiring the proceeds out of the account shortly after the sales. Schedule A, attached hereto and fully incorporated by reference herein, summarizes the deposit and liquidation activity of MPIX stock in the VB/JMB-Controlled Accounts.

34. The VB/JMB-Controlled Accounts acquired a substantial percentage of their shares of MPIX stock in one of two ways: (1) by purchasing stock directly from an affiliate of MPIX, or (2) by purchasing convertible debt issued by MPIX and converting the debt to MPIX stock.

35. Between June 2012 and May 2013, VB and JMB deposited 491,700,000 shares of purchased or converted MPIX stock into the VB/JMB-Controlled Accounts.

36. During the MPIX Liquidation Period, VB and JMB liquidated all of the shares of MPIX that they had purchased or converted, purportedly pursuant to the Rule 144 safe harbor exemption. Soon after the VB/JMB-Controlled Accounts received payment for the MPIX shares, VB and JMB caused the proceeds of the sales to be wired from the VB/JMB-Controlled Accounts to outside bank accounts.

37. Throughout the MPIX Liquidation Period, VB and JMB sold a significant percentage of MPIX shares issued and outstanding, which made up a significant percentage of daily market volume. From June 25, 2012 through September 30, 2013, the VB/JMB-Controlled Accounts were responsible for approximately 43% percent of the outstanding shares of MPIX sold into the market, reaching as high as 49.91% of total market volume on a given day.

38. The VB/JMB-Controlled Accounts sold shares of MPIX on 216 of 278 trading days during the MPIX Liquidation Period; and throughout the same period, MPIX shares sold by the VB/JMB-Controlled Accounts represented greater than 25% of the stock's daily market volume on 145 of 278 trading days.

39. The VB/JMB-Controlled Accounts received over \$2.8 million from the sale of MPIX shares during the MPIX Liquidation Period.

40. ACAP received approximately \$80,283 in sales commissions for liquidating MPIX shares through the VB/JMB-Controlled Accounts during the MPIX Liquidation Period.

41. Ferguson approved the sales as exempt from registration pursuant to Rule 144.

a. MPIX was a shell company and went through several name changes

42. MPIX was originally incorporated in Delaware in September 1986 as Analyst Express, Inc. The company then went through three name changes, moved its state of domicile to Nevada in 2004, and acquired Mindpix, Inc. in 2007. In October 2007, the surviving company changed its name to Mindpix Corporation.

43. On August 25, 2012, MPIX filed with OTC Markets its Unaudited Restated Financial Statements for the Year Ended December 31, 2011 (the "2011 MPIX Financials"). The 2011 MPIX Financials stated that MPIX "operates a collection of multimedia and family entertainment content with the association of their affiliated company and with four main operating divisions: Music, Studios, Networks, and Technologies . . . [MPIX] owns licensing rights to manufacture and market a music library catalog of worldwide known songs from a list consisting of over 17,500 music master recordings." MPIX's 2011 income statement reported zero revenue and an annual net loss of \$1,542,498. MPIX's 2011 balance sheet reported only

two assets: cash and cash equivalents totaling \$6,004, and “[n]on-exclusive rights to music libraries” valued at \$40 million.

44. In June 2013, while JMB and VB continued to liquidate MPIX shares, MPIX restated its 2011 and 2012 financials. MPIX’s revised 2011 balance sheet reported that the company had no assets in 2011, and its 2012 balance sheet reported only \$9,995 in cash assets. Pertinently, “non-exclusive rights to music libraries” was no longer listed as an asset on either the 2011 or 2012 balance sheet. The explanation for this revision was that “[d]uring the year ended December 31, 2011, the Company recognized an impairment loss equal to the total purchase price of the music rights of \$1,600,000 because management determined that the underlying library had no value to the Company due to its inability to perfect its rights to the library.”

b. MPIX shares were not held for the required one-year holding period

45. The VB/JMB-Controlled Accounts acquired nearly all of their MPIX shares from two sources: an entity called eMax Media Inc. (“eMax Media”), and an entity called New Unified Corp. (“New Unified”). Both entities were affiliated with MPIX. In some instances, the VB/JMB-Controlled Accounts made payments directly to MPIX to acquire certain MPIX shares.

46. On or about January 19, 2011, eMax Media’s parent company, eMax Worldwide, Inc., issued a press release announcing that it had formed New Unified as a new subsidiary corporation to invest in real estate and oil and gas extraction. The contact person for the press release was a representative from eMax Worldwide, Inc. (“eMax Worldwide”) named RW.

47. On or about June 22, 2011, eMax Media announced that it merged with MPIX. In connection with that merger, MPIX issued 400,000,000 shares of its common stock in exchange for all of the common stock in eMax Media. Thereafter, eMax media shareholders owned

approximately 81% of MPIX common stock issued and outstanding. As part of the merger, EJ became the president and a director of MPIX. In addition, subsequent to the merger, RW, the CEO of eMax Media's former parent company, eMax Worldwide, became the CEO of the newly combined entity, which operated under the name Mindpix, Corp (MPIX).

48. A news release issued by eMax Worldwide after the eMax Media-MPIX merger described that RW remained the active CEO of eMax Worldwide, and the release included information about the business operations of Mindpix, eMax Media, and New Unified. In June 2012, EJ served as President of eMax Media and the Vice-President of eMax Media Group, Inc. Thus, both eMax Media and New Unified were affiliates of MPIX, as that term is defined in Rule 144, and the securities acquired by the VB/JMB-Controlled accounts were "restricted securities" as defined under Rule 144(a)(3)(i). Because MPIX was not a reporting company, all of the VB/JMB-Controlled Accounts' sales of MPIX stock acquired from eMax Media and New Unified were subject to a one-year holding period, which commenced on the day that the VB/JMB-Controlled Accounts had fully paid for the MPIX shares.

49. The VB/JMB-Controlled Accounts purchased MPIX shares with a view to immediately resell the shares. All MPIX shares sold by the VB/JMB-Controlled Accounts during the MPIX Liquidation Period were held for less than one year.

50. None of the foregoing shares of MPIX stock were registered with the SEC.

4. ACAP Facilitated the Liquidation of Millions of Unregistered TDEY Shares through the BL Account

51. During the Relevant Period, TDEY was not a reporting company pursuant to the Exchange Act.

52. Between August 2012 and December 2013 (the "TDEY Liquidation Period") JMB and VB engaged in a pattern of depositing shares of TDEY into the BL account, liquidating

the shares shortly after depositing them, and wiring the proceeds out of the account shortly after the sales. Schedule B, which is attached hereto and fully incorporated herein, summarizes the deposit and liquidation activity of TDEY stock in the BL account.

53. JMB and VB acquired shares of TDEY stock by purchasing convertible debt issued by TDEY and converting the debt to TDEY stock.

54. JMB and VB purchased a portion of TDEY convertible debt from an affiliate of TDEY. Specifically, from July 2012 through December 2012, JMB and VB purchased, in a series of eight transactions, portions of notes that were later converted into 232,000 shares of TDEY stock (the “Affiliate TDEY Stock”).

55. Between August 2012 and October 2013, JMB and VB deposited 935,000,000 shares of TDEY stock, including the Affiliate TDEY Stock, into the BL account in 19 separate transactions.

56. During the TDEY Liquidation Period, JMB and VB liquidated all of the shares of TDEY stock that they had purchased and converted, purportedly pursuant to the Rule 144 safe harbor exemption. Soon after JMB and VB received payment for the TDEY shares, they caused the proceeds of the sales to be wired from the BL account to outside bank accounts.

57. Throughout the TDEY Liquidation Period, JMB and VB sold a significant percentage of TDEY shares issued and outstanding, which made up a significant percentage of daily market volume. From August 22, 2012, through June 30, 2013, the BL account was responsible for approximately 83% percent of the outstanding shares of TDEY sold into the market, reaching as high as 92% of total market volume on a given day.

58. The BL account sold shares of TDEY on 111 of 328 days during the TDEY Liquidation Period; and throughout the same period, TDEY shares sold by the BL account

represented greater than 25% of the stock's daily market volume on 39 of 328 trading days, and constituted greater than 50% of the daily market volume on 7 days.

59. Further, throughout the TDEY Liquidation Period, JMB and VB repeatedly deposited and sold shares of TDEY stock that approached, but never exceeded, ten percent (10%) of the total number of shares issued and outstanding.

60. BL received approximately \$1.7 million from the sale of TDEY shares during the TDEY Liquidation Period.

61. ACAP received approximately \$51,783 in sales commissions for liquidating TDEY shares through the BL account.

62. Ferguson approved the sales as exempt from registration pursuant to Rule 144.

a. TDEY was a shell company and went through several name changes

63. TDEY was a Florida corporation engaged in the marketing and sale of 3D conversion technology. Between 2006 and 2008, TDEY's predecessor entities went through approximately three name changes.

64. TDEY reported nominal assets on its balance sheet and a net loss from operations on its income statement for the periods ending March 31, 2012 through December 31, 2013.

65. On June 4, 2012, TDEY filed with OTC Markets a Company Information and Disclosure Statement for the Period Ended March 31, 2012 (the "TDEY Disclosure Statement"). The TDEY Disclosure Statement stated that "[s]ince August 1997, the Company has never been characterized as a shell in its prior filings with OTC Markets as management relayed to successor management over time. Indeed, the Company is currently not a shell and has not been for some years. However, new management (which has not been with the Company since inception) has been advised that, indeed, the Company was (prior to 1997) a shell company as

defined and acknowledges the accuracy of such characterization as to prior periods. Very specifically, new management states categorically that TDEY has never been a shell since prior to the February 2008 effective date of the substantively revised Rule 144, which for the first time, this introduced ‘not a shell’ (ever) standard.”

b. TDEY shares were not held for the required one-year holding period

66. BL acquired all of its TDEY shares and convertible debt from a single source: an individual named SS.

67. The TDEY Disclosure Statement identified all TDEY shareholders that owned more than five percent (5%) of any class of TDEY’s equity securities. As of March 31, 2012, TDEY identified “SS IRA” as its single-largest holder of TDEY Common Stock, owning 31,250,000 shares, and representing 31.43% of all common shares outstanding. By virtue of his significant ownership stake in TDEY, SS was an affiliate of TDEY, and the securities BL acquired from SS were “restricted securities” as defined under Rule 144(a)(3)(i). Because TDEY was not a reporting company, all of BL’s sales of TDEY stock acquired from SS were subject to a one-year holding period, which commenced on the day that BL had fully paid for the TDEY shares.

68. BL purchased TDEY shares with a view to immediately resell the shares. All TDEY shares sold by BL during the TDEY Liquidation Period were held for less than one year.

69. None of the foregoing shares of TDEY stock were registered with the SEC.

5. ACAP Facilitated the Liquidation of Millions of Unregistered PRPM Shares through the BL Account

70. During the Relevant Period, PRPM was not a reporting company pursuant to the Exchange Act.

71. Between July 2011 and November 2013 (the “PRPM Liquidation Period”), JMB and VB engaged in a pattern of depositing shares of PRPM stock into the BL account, liquidating the shares shortly after depositing them, and wiring the proceeds out of the account shortly after the sales. Schedule C, which is attached hereto and fully incorporated for reference herein, summarizes the deposit and liquidation activity of PRPM in the BL account.

72. JMB and VB acquired shares of PRPM stock by purchasing convertible debt issued by PRPM and converting the debt to PRPM stock.

73. During the PRPM Liquidation Period, JMB and VB purchased, in a series of eight transactions, notes that were later converted into 1,910,000,000 shares of PRPM stock.

74. During the PRPM Liquidation Period, JMB and VB liquidated all of the shares of PRPM stock that they had purchased and converted, purportedly pursuant to the Rule 144 safe harbor exemption. Soon after JMB and VB received payment for the PRPM shares, they caused the proceeds of the sales to be wired from the BL account to outside bank accounts.

75. Throughout the PRPM Liquidation Period, JMB and VB sold a significant percentage of PRPM shares issued and outstanding, which made up a significant percentage of daily market volume. From August 16, 2011, through October 31, 2013, the BL account was responsible for approximately 43% of the outstanding shares of PRPM sold into the market, reaching as high as 99% of total market volume on a given day.

76. Further, throughout the PRPM Liquidation Period, JMB and VB repeatedly deposited and sold shares of PRPM stock that approached, but never exceeded, ten percent (10%) of the total number of shares issued and outstanding.

77. BL received approximately \$241,249 from the sale of PRPM shares during the PRPM Liquidation Period.

78. ACAP received approximately \$8,487 in sales commissions for liquidating shares through the BL account.

79. Ferguson approved the sales as exempt from registration pursuant to Rule 144.

a. PRPM was a shell company and went through several name changes

80. PRPM was a Wyoming corporation, originally domiciled in Nevada, which “engaged in the funding and acquisitions of software and mixed media companies.” PRPM’s predecessor entities went through numerous name changes.

81. PRPM shares management with TDEY, an issuer that was also liquidated by the VB/JMB-Controlled Accounts.

82. PRPM reported a net income loss from operations for the periods ending July 31, 2011 through July 31, 2013. PRPM reported nominal assets for the periods ending January 31, 2012 through July 31, 2013.

83. None of the foregoing shares of PRPM stock were registered with the SEC.

6. ACAP Facilitated the Liquidation of Millions of Unregistered CGRA Shares through the BL Account

84. During the Relevant Period, CGRA was not a reporting company pursuant to the Exchange Act.

85. On June 15, 2012, JMB and/or VB deposited two million shares of CGRA stock into the BL account in connection with a debt-conversion transaction. Between September 2012 and February 2013 (the “CGRA Liquidation Period”), JMB and VB liquidated all two million CGRA shares, and wired the proceeds out of the BL account shortly after each sale. Schedule D, which is attached hereto and fully incorporated by reference herein, summarizes the deposit and liquidation activity of CGRA stock in the BL account.

86. During the CGRA Liquidation Period, JMB and VB liquidated all of the shares of CGRA stock that they had purchased, purportedly pursuant to the Rule 144 safe harbor exemption. Soon after JMB and VB received payment for the CGRA shares, they caused the proceeds of the sales to be wired from the BL account to outside bank accounts.

87. Throughout the CGRA Liquidation Period, JMB and VB sold a significant percentage of CGRA shares issued and outstanding, which made up a significant percentage of daily market volume. On five days BL's sales of CGRA made up 100% of total daily market volume in the security; on seven days BL's sales of CGRA made up over 75% of total daily market volume; and on twelve days BL's sales made up over 50% of total daily market volume.

88. BL received approximately \$153,028 from the sale of CGRA shares during the CGRA Liquidation Period.

89. ACAP received approximately \$3,457 in sales commissions for liquidating CGRA shares through the BL account.

90. Ferguson approved the sales as exempt from registration pursuant to Rule 144.

a. CGRA was a shell company

91. For the nine months ended September 30, 2012, CGRA reported no revenue and total assets of less than \$15,000.

92. None of the foregoing shares of CGRA stock were registered with the SEC.

B. Additional Red Flags and Suspicious Activity in the VB/JMB-Controlled Accounts

93. Throughout the Relevant Period, a review of the facts surrounding the penny stock transactions in the VB/JMB-Controlled accounts revealed the following red flags indicative of potentially suspicious activity:

- a. JMB's significant and relevant regulatory disciplinary history;

- b. JMB was permitted by ACAP to exercise control in BL's and MLJ's accounts when JMB lacked written trading authorization for the two accounts;
- c. The regular and large deposits of shares of thinly-traded, low-priced, microcap stocks into the VB/JMB-Controlled Accounts;
- d. Records provided to the Firm when penny stocks were deposited contained internal inconsistencies and/or omitted necessary documents. For example, Firm customers purported to acquire penny stocks through a convertible note, but purchase agreements provided by the customers did not reference a note. In other instances, the documents provided to the Firm did not include a copy of the note or the contract that assigned a portion of the note to the customer. In yet another example, the rate of conversion utilized by the customer to obtain shares was either not stated in the note, or was different than the rate stated in the note;
- e. The consistent and distinct manner in which the VB/JMB-Controlled Accounts acquired penny stocks, *i.e.*, the acquisition of a debt instrument and the prompt conversion to stock;
- f. The pattern of activity in the VB/JMB-Controlled Accounts of large deposits of shares of the same thinly-traded microcap stocks, liquidations of the shares shortly after the deposits, and withdrawals or wiring out of the liquidation proceeds shortly after the sales;
- g. Both BL and MLJ – which were commonly owned and controlled – acquired and simultaneously liquidated shares of thinly-traded penny stocks;

- h. Liquidations of penny stocks in the VB/JMB-Controlled Accounts constituted a substantial percentage of the stocks' total daily market volume and a substantial percentage of the total shares outstanding;
- i. The de minimis amount of money for which the VB/JMB-Controlled Accounts acquired shares of penny stocks, relative to the proceeds generated from the liquidation of such shares;
- j. The number of name changes, and the nominal assets and revenues of penny stock issuers whose shares were deposited and liquidated in the VB/JMB accounts;
- k. Legal opinions provided by Firm customers stated that there was no attempt to independently verify any information provided by the seller or the issuer, and that the attorneys, in rendering their opinions, relied on the seller's and the issuer's representations to permit the removal of the restricted legend for the shares at issue;
- l. Documents upon which attorneys relied in rendering legal opinions concerning the removal of restrictive legends were listed in the legal opinions, but were not provided to the Firm to review;
- m. In certain instances, in which BL purchased shares intending to resell them, BL transmitted payments for penny stocks directly to the issuer, contrary to other documents that indicated the purchase transactions were between BL and a non-issuer third party;

- n. Records provided to the Firm that reported the number of total outstanding shares of a deposited penny stock differed significantly from the amount of total outstanding shares reported by the issuer for the same time period; and
- o. Documents provided to the Firm often lacked evidence of payment of consideration for the acquisition of the debt instrument and/or shares, thus preventing the Firm from effectively verifying relevant holding periods.

C. Additional Suspicious Penny Stock Activity in ACAP Customer Accounts

94. Throughout the Relevant Period, ACAP customers' penny stock transactions, series of transactions, or the facts surrounding the customers' penny stock transactions, revealed red flags indicative of potentially suspicious activity:

Customer 1

- a. From January 2011 through September 2013, Customer 1 deposited and liquidated unregistered shares of SNDY, a penny stock issued by Solos Endoscopy, Inc. Throughout that time, Hume was the registered representative assigned to Customer 1's account.
- b. On March 29, 2013, amidst Customer 1's penny stock liquidations, entities and persons affiliated with Customer 1 were enjoined by the SEC from engaging in penny stock activities. Among the parties enjoined by the SEC were another ACAP customer, BACU, and MJ, the co-founder of Customer 1. Hume was entirely unaware that MJ was in any manner affiliated with Customer 1.
- c. While Hume performed limited diligence on Customer 1's deposits of SNDY, he failed to collect evidence of when Customer 1 paid full consideration for a block of SNDY shares deposited on August 8, 2013. Wire transfer documents

provided to Hume listed BACU as the “company” involved with a partial payment for shares of SNDY. Hume failed to identify that BACU was enjoined by the SEC and failed to identify that BACU was named within the wire transfer documents supporting a partial payment of SNDY shares.

- d. Between June 2, 2011, and September 30, 2013, Customer 1 sold over 609 million shares of SNDY through its ACAP account, which represented over 62% of SNDY’s outstanding shares during the same period. Customer 1 was responsible for over 25% of SNDY’s daily trading volume on 156 of 582 trading days during the same period, and on 20 trading days, the daily trading volume attributed to Customer 1 exceeded 50%. On 11 trading days, the amount of SNDY sold by Customer 1 through its ACAP account exceeded 75%, reaching as high as 92.79%, of daily market volume on a single day. Customer 1 received approximately \$2.37 million from SNDY sales, and ACAP earned commissions of approximately \$61,058.
- e. Hume never determined the percentage of SNDY’s outstanding shares that were sold through Customer 1’s account. Hume knew generally that Customer 1’s sales of SNDY constituted a substantial amount of the daily total market volume, and considered that to be a red flag, but he failed to further investigate Customer 1’s liquidation activity.

Customer 2

- f. On January 22, 2013, Customer 2 paid \$8,500 for 85 million shares of ERBB, a penny stock issued by Tranzbyte Corporation. On March 5, 2013, Customer 2

purchased an additional 5 million shares of ERBB for approximately \$38,000.

All 90 million shares were deposited into Customer 2's ACAP account.

- g. On March 6, 2013, a stock promotion website published an advertisement for ERBB that described it as "our New Epic Pick!" Customer 2 paid \$25,000 for the one-day advertisement.
- h. Customer 2 began to liquidate his 90 million shares on March 6, 2013 – the same day that the stock promotion advertisement was published. Ultimately, Customer 2 received approximately \$839,000 in proceeds from sales of ERBB, and ACAP earned approximately \$29,844 in related commissions.
- i. Hume was not aware either of the one-day ERBB stock promotion published on March 6, 2013, or that Customer 2 was involved with any stock promotion activity for ERBB, thus he was unable to evaluate whether the activity presented a red flag.
- j. Hume knew that Customer 2 "made a substantial amount of money" from the sale of ERBB, and considered that fact to be a red flag, but failed to take any action in response to this red flag.
- k. Customer 2 wired over \$500,000 from its sale of ERBB shares on March 15, 2013. Hume did not consider the immediate wire transfer of ERBB funds from Customer 2's account to be suspicious.

Customer 3

- 1. From March 21, 2012, through December 17, 2013, Customer 3 deposited and liquidated 489,199 shares of WCUI, a penny stock issued by Wellness USA,

Inc., through its ACAP account. Hume was the registered representative assigned to Customer 3's account.

- m. Hume was also the registered representative assigned to the account of NRC, another ACAP customer. Both Customer 3 and NRC were corporate entities. During the time that Customer 3 was liquidating shares of WCUI, NRC paid for two one-day stock promotions of WCUI, each of which were published on November 29, 2012. Payment for the stock promotion activity included free-trading shares of WCUI.
- n. Hume knew that the account documentation for both Customer 3 and NRC listed the same contact person, but took no steps to investigate the relationship between the two accounts, or to determine how the contact person was related to each account. Had Hume conducted such investigation, he would have discovered that Customer 3 held an ownership interest in NRC, and thus, that the same person responsible for purchasing two stock promotions was simultaneously liquidating the same security.
- o. Customer 3 received approximately \$535,386 in proceeds from sales of WCUI, and ACAP earned approximately \$18,761 in related commissions.

Customer 4

- p. From January 24, 2013, through April 24, 2013, Customer 4 deposited and liquidated 501,607 shares of MSEI, a penny stock issued by Mainstreet Entertainment, Inc. Customer 4 received approximately \$739,914 in sales proceeds from its MSEI sales, and ACAP earned approximately \$30,047 in related commissions.

- q. Customer 4's new account documents indicate that Customer 4 is a foreign corporation based in the British Virgin Islands. One of the addresses listed on Customer 4's new account forms was a Hong Kong address. Hume approved the opening of Customer 4's ACAP account.
- r. The authorized individual associated with Customer 4's account was JM. In June 2001, JM was enjoined by the SEC for engaging in insider trading and for filing false reports with the SEC, and was ultimately barred from acting as an officer and director for a period of five years, and ordered to pay disgorgement and penalties exceeding \$43,000.
- s. Despite the presence of red flags, Hume failed to conduct due diligence on JM as the authorized individual associated with an account held by a foreign corporation. Thus, Hume failed to discover JM's securities-related disciplinary history, and the Firm permitted the account to liquidate millions of shares of penny stocks absent heightened scrutiny.

Customer 5

- t. From April 9, 2013, through June 18, 2013, Customer 5 deposited and liquidated shares of AMBS, a penny stock issued by Amaranthus Bioscience Inc. Customer 5 received its shares of AMBS as compensation for conducting a marketing campaign for AMBS. However, Hume as the registered representative assigned to Customer 5, and as AMLCO, failed to discover that this was the source of Customer 5's shares of AMBS.

- u. Customer 5 received approximately \$559,328 in sales proceeds from its liquidation of 11,843,333 shares of AMBS, and ACAP earned approximately \$18,070 in related commissions.

Customer 6

- v. From October 21, 2011 through July 30, 2013, Customer 6 deposited and liquidated shares of WTII, a penny stock issued by Water Technologies Inc. During the time that Customer 6 was liquidating shares of WTII, Customer 6 paid \$75,000 for a one-day stock promotion of WTII that was published on March 30, 2012. Within days, Customer 6 sold hundreds of thousands of shares of WTII.
- w. The registered representative that approved the sales, and Hume as AMLCO, failed to discover that Customer 6 had sold shares of WTII on the same day that Customer 6's paid stock promotion advertisement was published.
- x. MB was the authorized contact for Customer 6. On or around August 3 and August 7, 2012, five ACAP customers emailed the Firm to advise that MB was authorized to make trades in their accounts for shares of TADF, a penny stock issued by Tactical Air Defense Services, Inc.
- y. Further, MB, purportedly on behalf of his alleged fiancé, attempted to obtain control over the account of another ACAP customer, BB, during early November 2012.
- z. While the Firm had written procedures concerning authorizing a third-party to effect securities transactions in customer accounts, the Firm failed to abide by those procedures when it permitted MB to effect trades in its customers'

accounts. Consequently, four million shares of TADF were liquidated from BB's account on November 4, 2012, which was the day of BB's death, and further liquidations occurred after her death, which also violated the Firm's WSPs.

- aa. MB's father and ex-wife also held accounts at the Firm through which TADF shares were deposited and liquidated.
- bb. In total, MB had relationships with nine ACAP accounts through which approximately 2.1 billion unregistered shares of TADF were deposited and liquidated, and which generated approximately \$1.8 million in sales proceeds. The Firm's commissions from TADF sales totaled \$73,671.
- cc. Among the documents that the Firm received from customers that liquidated TADF and WTII shares was a legal opinion from an attorney, MP, which stated that TADF and WTII shares were free selling in the hands of the Firm's customers. However, attorney MP was enjoined by the SEC, on January 12, 2011, from violating Sections 17(a)(2) and 17(a)(3) of the Securities Act (negligent securities fraud), prior to the Firm's customers liquidating the related shares.

Customer 7

- dd. From August 16, 2012 through February 11, 2013, Customer 7 deposited and liquidated 5,184,900 shares of TRKP, a penny stock issued by TurkPower Corporation. Customer 7 received approximately \$501,250 in sales proceeds from its TRKP sales, and ACAP earned approximately \$10,897 in related commissions.

- ee. According to Customer 7's account opening documents, Customer 7 shared a mailing address with TRKP.
- ff. When Customer 7 opened its ACAP account in August 2012, it owned 4,295,000 million shares of TRKP. Documents provided to the Firm when Customer 7 opened its account stated that Customer 7 was an affiliate of TRKP. Approximately one month later, Customer 7 reported to the Firm that it "owned or controlled" over 11 million shares of TRKP, and acknowledged that it was an affiliate of TRKP.
- gg. In addition, when Customer 7 opened an account at ACAP, the authorized contact for the account was KO. Prior to this account being opened, KO pleaded guilty to criminal money laundering conspiracy and was barred by the SEC from associating with any broker-dealer. Nevertheless, Hume approved the opening of the account.

D. ACAP's Use of a Shared Email Address

95. From November 1, 2012 through March 31, 2013, multiple individuals associated with the Firm used a single Firm-issued email address (xxxxx@acap-financial.com) to make business-related communications. Throughout this period approximately 1,593 business-related communications were sent from the shared Firm-issued email address that did not clearly identify the person who prepared the correspondence.

E. ACAP's Written Supervisory Procedures and Anti-Money Laundering Program

96. Throughout the Relevant Period, ACAP had in effect two versions of its Written Supervisory Procedures. The first version, dated July 7, 2011, was in effect from the beginning of the Relevant Period until November 8, 2012. The second version was dated November 9,

2012, and was in effect from that date through the end of the Relevant Period (referred to individually as the “2011 WSPs” and the “2012 WSPs,” and collectively as the “WSPs”).

97. Each version of the WSPs contained a chapter titled Anti-Money Laundering Program and a subchapter titled Money Laundering, which together set forth the Firm’s anti-money laundering procedures (referred to individually as the “2011 AML Program” and the “2012 AML Program,” and collectively as the “AML Program”).

98. Throughout the Relevant Period, Ferguson was the Firm’s CCO and was responsible for establishing and maintaining the supervisory system, policies and procedures for all areas of the Firm. Ferguson was also responsible for supervising the activities of numerous ACAP registered representatives, including Hume.

99. Hume was the Firm’s AMLCO throughout the Relevant Period, and was responsible for overseeing the Firm’s anti-money laundering program.

100. The AML Program contained a subchapter titled Detecting Potential Money Laundering, which designated Hume as the principal responsible for ensuring compliance with the procedures set forth in that subchapter. The AML Program provided that Hume, as the Firm’s AMLCO, was responsible for overseeing and implementing the Firm’s AML program, investigating suspicious activity, and reporting such activity when necessary. ACAP’s AML Program further provided, with respect to detecting potential suspicious activity, that “[a]nother designated supervisor will review the [AMLCO’s] accounts.” Ferguson was the principal at ACAP who was responsible for reviewing Hume’s accounts.

101. ACAP’s AML Program required that the Firm file a SAR for transactions that were suspicious as indicated by the red flags in the AML Procedures. The AML Program stated that “[s]uspicious activities include a wide range of questionable activities; examples include

trading that constitutes a substantial portion of all trading for the day in a particular security; heavy trading in low priced securities; [and] unusually large deposits of funds or securities” among others.

102. ACAP’s AML Program also required the AMLCO to review reports and other available information to detect questionable patterns of activity, including patterns of unusual size, volume, or types. Pursuant to ACAP’s AML Program, “[i]tems reviewed include[d] trading and wire transfer transactions in the context of other account activity to determine if a transaction lacks financial sense or is suspicious because it is an unusual transaction or strategy for that customer.”

103. ACAP’s AML Program further stated that: “[m]onitoring will be conducted using available exception reports or review of a sufficient amount of account activity to permit identification of patterns of unusual size, volume, pattern or type of transactions . . . or involve red flags (indicators of potential money laundering) which are included in the Money Laundering policy. . . .”

104. The AML Program further stated that the Firm used the following tools to identify potential suspicious activity:

- a. Transaction information including disbursement of funds or securities;
- b. Education of firm personnel, particularly supervisors in Operations areas;
- c. Employee reports of potential suspicious activity forwarded to the AML Compliance Officer; and
- d. Information or reports provided by a clearing firm, if applicable for business introduced to a clearing firm.

105. Despite the requirements of ACAP's AML Program, Hume did not review or otherwise monitor the deposits and liquidation of penny stocks at ACAP for suspicious activity. Instead of conducting an independent review or monitoring the deposits and subsequent liquidations, Hume relied entirely on Ferguson and the registered representative assigned to the customers' accounts to bring indicators of potentially suspicious activity to his attention.

106. Throughout the Relevant Period, ACAP did not use any exception reports that addressed anomalous transactions in microcap or low-priced securities, nor did it utilize any exception reports or other automated or manual systems that adequately monitored for patterns of deposits and liquidations of unregistered securities necessary to adequately detect, investigate, and report, if applicable, suspicious activity.

107. To the extent that the Firm was actually detecting and investigating suspicious activity, the Firm failed to maintain any evidence of its conduct. Beginning in approximately March 2013, Hume maintained an excel spreadsheet to monitor for price increases by comparing the price of a security at the time of a customer's deposit against the price of that security at the time of its subsequent sale. However, the price information for most of the customers was incomplete. Furthermore, the excel spreadsheet did not evidence that the Firm monitored for any other suspicious activity.

1. Red Flags Indicating Potential Suspicious Activity

108. To detect suspicious activity, the Firm's AML Program specifically identified various risk indicators (red flags) that may suggest potential money laundering or other suspicious or fraudulent activity. The red flags listed in the AML Program included, among others:

- a. The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- b. The customer engages in suspicious activity involving the practice of depositing penny stocks, liquidating them, and wiring proceeds. A request to liquidate shares may also represent engaging in an unregistered distribution of penny stocks which may also be a red flag. [FINRA Regulatory Notice 09-05]
- c. The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- d. The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent business purpose or other purpose.

109. While ACAP's WSPs: (a) referenced the red flags identified in Regulatory Notice 09-05, which may indicate a customer is selling unregistered securities; (b) stated that registered representatives should be aware of the red flags; and (c) required a designated supervisor to review for those red flags, the WSPs failed to set out procedures to adequately detect those red flags and provide sufficient guidance as to how to conduct a reasonable searching inquiry.

110. Specifically, the WSPs did not clearly communicate the steps required in order to conduct the background inquiry on: (a) the issuer, its affiliates, officers and directors; (b) other key persons and entities associated with the issuer, including its attorneys; (c) persons controlling

activity in the account seeking to liquidate restricted securities; and (d) attorneys who issued opinion letters regarding the registration and exemption status of securities.

2. ACAP's Policies and Procedures Concerning Shell Companies

111. The AML Program stated that shell companies can represent a potential money laundering risk. Shell companies were described as “non-publicly traded corporations . . . that typically have no physical presence and generate little or no independent economic value.” The AML Program further stated that, “[s]tate laws allow shell companies to obscure company structure, ownership, and activities, so there is little transparency to enable ACAP Financial to understand with whom they are dealing.”

112. The AML Program further stated that shell companies were subject to review, which may include: obtaining information about underlying owners, and obtaining assurances from the shell company representative that principals have been screened.

3. Policies and Procedures Related to the Sale of Penny Stocks

113. The 2011 AML Program contained few details specific as to how the Firm would monitor its penny stock trading activity in order to detect potential money laundering. It did, however, state that “[t]rading penny stocks (which may involve unregistered distributions) . . . in particular, will be monitored when [it] occur[s].”

114. The 2012 AML Program contained an additional set of procedures that, while not specifically attributed to penny stocks, impacted all transactions in which Firm customers deposited large quantities or dollar values of securities. In particular, the procedures required that the Firm’s registered representatives use “a Large Block Questionnaire for deposits of securities for share amounts equal to or greater than 300,000 shares or \$50,000 or higher in value,” and that “all securities deposits are required to have [Clearing Firm’s] Deposited

Securities Request form (DSR) . . . along with the appropriate documents showing how the securities were obtained. This may include copies of the certificates, note documents, payments, attorneys [sic] opinions, SEC filings, statements from transfer agents, and any other documents which would give [ACAP] a reasonable [sic] basis to believe that the securities are free trading and may be sold in a public transaction. After ACAP's review is completed a signed Indemnification Form is attached to the file and transmitted to [Clearing Firm] for further review. After [Clearing Firm's] review is completed the securities will then be moved into a NET position in [Clearing Firm's] computer system at which time the customer may sell the position."

115. The WSPs contained subchapters titled Sale of Control or Restricted Stock, Unregistered Resales of Restricted Securities, and Penny Stocks (collectively, the "Penny Stock Procedures"), which described the Firm's policies and procedures governing the sale of unregistered securities.

116. The Penny Stock Procedures stated that Firm personnel should review transactions involving the unregistered resale of restricted securities on a daily basis in the course of reviewing order records and transaction reports. Specifically, principals and operations personnel were required to review transactions for red flags, which, if identified, would require registered representatives to obtain information from customers concerning the customer and the block of securities being sold in order to confirm that securities are not unregistered or restricted.

117. The Penny Stock Procedures further described red flags indicating that a customer may be liquidating unregistered securities; registered representatives of the Firm were required to be familiar with these red flags. Examples of red flags included:

- a. A customer opens a new account and delivers physical certificates representing a large block of thinly-traded or low-priced securities.
- b. A customer has a pattern of depositing physical share certificates, immediately selling the shares and then wiring out the proceeds of the resale.
- c. A customer deposits share certificates that are recently issued or represent a large percentage of the float for the security.
- d. The company was a shell company when it issued the shares.
- e. A customer with limited or no other assets under management at ACAP Financial receives an electronic transfer or journal transactions of large amounts of low-priced, unlisted securities.
- f. The issuer has been through several recent name changes, business combinations or recapitalizations, or the company's officers are also officers of numerous similar companies.
- g. The issuer's SEC filings are not current, are incomplete, or nonexistent.

118. The Penny Stock Procedures further stated that when a registered representative is confronted with a customer wanting to sell a block of stock where there may be a question about the registered status of the stock, the following questions should be asked:

- a. How long has the customer held the securities?
- b. How did the customer acquire the securities?
- c. Does the customer intend to sell additional shares of the same class of securities through other means?
- d. Has the customer solicited or made any arrangement for the solicitation of buy orders in connection with the proposed resale of unregistered securities?

- e. Has the customer made any payment to any other person in connection with the proposed resale of securities?
- f. How many shares or other units of the class are outstanding, and what is the relevant trading volume?

4. Policies and Procedures Concerning Electronic Correspondence

119. Firm compliance personnel were responsible for reviewing electronic communications made by all Firm employees on approved systems. ACAP lacked procedures in place to ensure that multiple users of a shared email address indicated the names of the persons who prepared and transmitted the outgoing communications.

F. Ferguson's Failure to Supervise Hume

120. From August 2011 through December 2013, Ferguson ignored red flags and failed to conduct adequate inquiries into the registration requirements of Section 5 and the exemptions therefrom for the deposits and liquidations made by the VB/JMB-Controlled Accounts of MPIX, TDEY, PRPM, and CGRA.

121. While Hume, as the representative assigned to the VB/JMB-Controlled Accounts, collected some documents and information about the proposed deposits and sales of unregistered, microcap stocks, and Ferguson executed an indemnification form in which he approved the liquidations of MPIX, TDEY, CGRA and PRPM, Ferguson failed to adequately analyze and independently verify the collected documents and information. In sum, such collection efforts merely served to "paper the file" for ACAP's microcap stock liquidation business.

122. Moreover, Ferguson did not consider the pattern of deposits and liquidations of penny stocks by the VB/JMB-Controlled Accounts to be a red flag that required a meaningful searching inquiry.

123. Ferguson also did not consistently require complete documentation in support of the proposed deposits of unregistered securities to fully trace the shares directly back to the issuer. Ferguson simply took the customers' and issuers' representations about the origin of the unregistered shares at face value, with little or no independent verification.

124. Ferguson unreasonably relied upon representations from customers and customers' counsel, as well as ACAP's counsel, that shares of stock were freely tradable and that the issuer was not a "shell company." Ferguson failed to fully evaluate the circumstances behind the deposits and liquidations, and the background and financial condition of the issuers, and did not conduct meaningful, independent inquiries on the transactions.

125. Ferguson did not require Hume to independently verify the information provided by customers on submitted forms and paperwork in the deposit compliance packets, and Ferguson relied on customers or their agents—some of whom, like JMB, had been the subject of regulatory disciplinary actions—to provide accurate information.

126. Ferguson failed to reasonably supervise Hume when Ferguson did not investigate or otherwise respond to numerous red flags described above in connection with the VB/JMB-Controlled Accounts' sales of the aforementioned unregistered shares.

**FIRST CAUSE OF ACTION
SALES OF UNREGISTERED SECURITIES
(VIOLATIONS OF FINRA RULE 2010 BY ACAP, FERGUSON AND HUME)**

127. The Department realleges and incorporates by reference paragraphs 1 – 126, above.

128. Section 5 of the Securities Act of 1933 prohibits sales of securities that are not registered with the SEC, unless the sales are exempt from registration.

129. Section 4(1) of the Securities Act (n/k/a/ Section 4(a)(1) of the Securities Act), 15 U.S.C. § 77d(a)(1), exempts “transactions by any person other than an issuer, underwriter, or dealer” from the registration requirements of Section 5. Under Section 2(a)(11) of the Securities Act, 15 U.S.C. § 77b(a)(11), the term “underwriter” is defined as “any person who has purchased from an issuer with a view to . . . distribution of any security,” and the term “issuer” is defined to include “any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.” Compliance with Rule 144 establishes a safe harbor against a claim that an individual or entity is an “underwriter.”

130. Under Rule 144, an “affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.”

131. The Rule 144 safe harbor exemption is not available to any security issued by an issuer that is a shell company or was a shell company and has not complied with Rule 144(i)(2).

132. FINRA Rule 2010 requires members, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.” Distributions of unregistered securities made in contravention of Section 5 violate high standards of commercial honor and just and equitable principles of trade.

BL’s and MLJ’s Liquidations of MPIX Violated Section 5

133. As detailed above, the Rule 144 safe harbor and the Section 4(a)(1) exemption are unavailable for the subject sales of shares of unregistered MPIX stock, and therefore could not be relied upon by ACAP, because:

- a. BL and MLJ acquired restricted shares of MPIX from affiliates, as defined in Rule 144(a)(1), and therefore did not meet the one-year holding period required pursuant to Rule 144(d)(1); and
- b. MPIX had no or nominal operations, and either (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets, and did not demonstrate that it was not a “shell” company by complying with the requirement as set forth in Rule 144(i)(2).

BL’s Liquidations of TDEY Violated Section 5

134. As detailed above, the Rule 144 safe harbor and the Section 4(a)(1) exemption are unavailable for the subject sales of shares of unregistered TDEY stock, and therefore could not be relied upon by ACAP, because:

- a. BL acquired the Affiliate TDEY Stock from an affiliate of TDEY, as defined in Rule 144(a)(1). As a result of acquiring the Affiliate TDEY Stock, BL did not meet the one-year holding period required pursuant to Rule 144(d)(1); and
- b. TDEY had no or nominal operations, and either (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets, and did not demonstrate that it was not a “shell” company by complying with the requirement as set forth in Rule 144(i)(2).

BL's Liquidations of PRPM Violated Section 5

135. As detailed above, the Rule 144 safe harbor and the Section 4(a)(1) exemption are unavailable for the subject sales of certain shares of unregistered PRPM stock, and therefore could not be relied upon by ACAP, because:

- a. PRPM had no or nominal operations, and either (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets, and did not demonstrate that it was not a “shell” company by complying with the requirement as set forth in Rule 144(i)(2).

BL's Liquidations of CGRA Violated Section 5

136. As detailed above, the Rule 144 safe harbor and the Section 4(a)(1) exemption are unavailable for the subject sales of certain shares of unregistered CGRA stock, and therefore could not be relied upon by ACAP, because:

- a. CGRA had no or nominal operations, and either (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets, and did not demonstrate that it was not a “shell” company by complying with the requirement as set forth in Rule 144(i)(2).

137. Section 4(4) of the Securities Act (n/k/a/ Section 4(a)(4) of the Securities Act), 15 U.S.C. § 77d(a)(4), exempts brokers' transactions executed upon customers' orders on any exchange or in the over-the-counter market, but not the solicitation of such orders, from the registration requirements of Section 5. Among other conditions a firm must meet to take advantage of the exemption under Section 4(a)(4), a firm must conduct a reasonable inquiry such

that it is unaware of circumstances suggesting that the customer is an underwriter of the securities sold or that the transaction is part of an illegal, unregistered distribution of the issuer's securities.

138. As detailed above and below, the Section 4(a)(4) exemption is unavailable to Respondents because they failed to conduct reasonable inquiries of the circumstances surrounding the foregoing deposits and sales of unregistered shares of MPIX, TDEY, PRPM and CGRA.

139. ACAP sold the foregoing shares of MPIX, TDEY, PRPM and CGRA for its customers through use of the means or instruments of transportation or communication in interstate commerce and the mails, by selling the shares through the over-the-counter market, by corresponding about the deposits and corresponding sales through the mail and email, and by communicating about them in phone calls.

140. No registration statement has been filed with the SEC or was in effect for the foregoing shares of MPIX, TDEY, PRPM, and CGRA stock, and the shares of these four microcap stocks were sold in transactions that were not exempt from registration with the SEC.

141. By engaging and participating in the foregoing sales of unregistered securities in transactions not subject to an exemption from the registration requirements, ACAP, through Ferguson and Hume, acted in contravention of Section 5, and thus ACAP, Ferguson, and Hume violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
DEFICIENT SUPERVISORY SYSTEM AND WRITTEN SUPERVISORY PROCEDURES
(VIOLATIONS OF NASD RULE 3010 AND FINRA RULE 2010 BY ACAP AND FERGUSON)

142. The Department realleges and incorporates by reference paragraphs 1 – 141, above.

143. NASD Rule 3010(a) required members to “establish and maintain a system to supervise the activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD (FINRA) Rules.”

144. Additionally, firms that sell unregistered securities for their customers must conduct reasonable searching inquiries to ensure compliance with Section 5. Rule 144(g) and accompanying notes set forth a non-exhaustive list of information that firms should obtain to conduct a reasonable searching inquiry, and FINRA provided additional guidance on searching inquiries in Regulatory Notice 09-05.

145. Ferguson further failed to adequately review documents provided by Firm customers in connection with the customers’ penny stock liquidations that purported to show that the underlying securities were eligible for immediate resale. In this regard, Ferguson failed to independently verify that information within those documents was accurate and failed to conduct an independent evaluation of the information to ensure that securities transactions did not violate Section 5.

146. Ferguson also failed to identify numerous red flags, including those described above, that would have been obvious had he conducted a meaningful review of the documents.

Instead, Ferguson unreasonably relied upon representations from Firm customers and issuers who had a pecuniary interest in ensuring that the Firm permitted them to liquidate large volumes of penny stocks.

147. NASD Rule 3010(b) required members to “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered representatives, registered principals, and other associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable Rules” of the NASD and FINRA. These procedures must be tailored to the types of business in which the firm engages. The procedures must also set out mechanisms for ensuring compliance and detecting violations, and cannot merely set out what conduct is prohibited.

148. The Firm’s WSPs were inadequate to reasonably ensure that its customers’ penny stock sales were made pursuant to an effective registration statement, or that a valid exemption applied to the transaction. The WSPs also lacked procedures to instruct the Firm’s registered representatives and principals how to review and analyze penny stock deposits and liquidations in order to detect and prevent an unregistered distribution.

149. For example, the WSPs lacked procedures to instruct the Firm’s registered representatives and principals how to independently verify representations made by penny stock issuers and customers seeking to liquidate penny stocks. This included detailing what documents or information to review in order to determine whether a party was an affiliate of an issuer, or a statutory underwriter, or how to determine whether a party satisfied the required holding period to render a penny stock free trading.

150. The WSPs contained only a definition of shell company, and a general statement that shell companies presented money laundering risks. However, the WSPs failed to instruct registered representatives and principals how to evaluate whether a penny stock issuer was, or had ever been, a shell company.

151. The WSPs further failed to instruct Firm personnel how to conduct a background inquiry on parties related to penny stock liquidation activity, including but not limited to: issuers, affiliates of issuers, and officers and directors of issuers; persons exercising control over accounts that regularly liquidate penny stocks; stock promoters or other individuals making press releases or public statements on behalf of penny stock issuers; and attorneys who issue opinion letters concerning registration and exemption status for penny stock issuers.

152. The WSPs also failed to instruct how to identify and evaluate patterns of deposits and liquidations of the same penny stocks across all customer accounts, including accounts that were controlled by, or associated with, the same person or entity. In particular, the WSPs contained no discussion concerning how to calculate the volume of penny stocks liquidated by a customer, as a percentage of total shares outstanding, or as compared to the total daily market volume of a particular issuer on a given day.

153. Based on the foregoing, ACAP and Ferguson violated NASD Rule 3010 and FINRA Rule 2010.

**THIRD CAUSE OF ACTION
FAILURE TO SUPERVISE
(VIOLATIONS OF NASD RULE 3010 AND FINRA RULE 2010 BY ACAP AND FERGUSON)**

154. The Department realleges and incorporates by reference paragraphs 1 – 153, above.

155. Ferguson failed to adequately supervise Hume in connection with Hume's customers' penny stock liquidation activity. In particular, Ferguson failed to review the information and documents that Hume collected in connection with the VB/JMB-Controlled Accounts' deposits and sales of MPIX, TDEY, PRPM, and CRGA to determine whether the shares were eligible to be sold pursuant to an exemption or safe harbor from the general registration requirements. As such, Ferguson failed to determine whether the information and documents that Hume collected supported Ferguson's approval to liquidate the shares pursuant to Rule 144, specifically: (1) whether the issuers were shell companies; (2) whether the MPIX shares and Affiliate TDEY Stock were obtained from affiliates; and (3) whether BL and MLJ satisfied the requisite holding period prior to liquidating the shares.

156. Ferguson further failed to ensure that Hume conducted adequate and independent inquiries or due diligence on the deposits and liquidations of billions of shares of penny stocks in the VB/JMB-Controlled Accounts, but instead, relied on the customers and their agents to provide accurate information. Ferguson failed to reasonably supervise Hume because he did not respond to or otherwise investigate multiple red flags suggesting that the VB/JMB-Controlled accounts engaged in unregistered distributions through the liquidations of the aforementioned unregistered stock.

157. Based on the foregoing, ACAP and Ferguson failed to adequately supervise Hume, and, therefore, violated NASD Rule 3010 and FINRA Rule 2010.

**FOURTH CAUSE OF ACTION
AML VIOLATIONS
(VIOLATIONS OF FINRA RULES 3310 AND 2010 BY ACAP AND HUME)**

158. The Department realleges and incorporates by reference paragraphs 1 – 157, above.

159. FINRA Rule 3310(a) requires members to “[e]stablish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under [the Bank Secrecy Act] and the implementing regulations thereunder.”

160. Pursuant to the USA PATRIOT Act of 2001 (the “Patriot Act”), which amended the Bank Secrecy Act (“BSA”), the United States Department of the Treasury requires suspicious transaction reporting by broker-dealers. The implementing regulation issued by the U.S. Department of the Treasury, 31 C.F.R. § 1023.320 (recodified from 31 C.F.R. § 103.19 on March 1, 2011), requires broker-dealers to file with FinCEN “a report of any suspicious transaction relevant to a possible violation of law or regulation.” The regulation further provides that:

A transaction requires reporting under the terms of this section if it is conducted or attempted by, at, or through a broker-dealer, it involves or aggregates funds or other assets of at least \$ 5,000, and the broker-dealer knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):

(i) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;

(ii) Is designed, whether through structuring or other means, to evade any requirements of this chapter or of any other regulations promulgated under the Bank Secrecy Act;

(iii) Has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or

(iv) Involves use of the broker-dealer to facilitate criminal activity.

161. In NASD Notice to Members 02-21 (“NTM 02-21”), the NASD provided guidance for AML compliance programs. NTM 02-21 sets forth a non-exhaustive list of examples of red flags indicative of potential money laundering and suspicious activity and advised that if firms detect red flags, they should perform additional due diligence before proceeding with a transaction.

162. In NASD Notice to Members 02-47, the NASD provided additional guidance to firms regarding their AML obligations and the filing of SARs. Specifically, the NASD reminded firms that “[t]he rule is intended to encourage broker/dealers to evaluate customer activities and relationships and design an appropriate monitoring program; the [FinCEN] release suggests that firms use a ‘risk-based approach’ in monitoring for suspicious transactions.”

163. Throughout the Relevant Period, Hume failed to follow the instructions contained in the Firm’s AML Program, including by failing to conduct due diligence on the Firm’s customers in the presence of red flags. As a result, Hume failed to identify that Firm customers had securities-related disciplinary histories, and that individuals with a beneficial interest in ACAP accounts were paying for stock promotions while they were simultaneously liquidating penny stocks of the same security. Hume also failed to identify that multiple Firm customers had control or a beneficial interest in more than one ACAP account, and failed to identify that one Firm customer had a criminal conviction for conspiracy to commit money laundering.

164. Hume also failed to identify suspicious activity concerning customers’ deposits and liquidations of penny stocks, and the wiring of sales proceeds from the customers’ ACAP accounts. In many instances, while Hume received supporting documents in connection with penny stock deposits, he failed to review the underlying documents to attempt to identify red flags or suspicious activity. Hume further failed to adequately investigate suspicious penny

stock activity, even in instances where he identified red flags, and failed to consider whether to report potentially suspicious activity by filing a SAR, where appropriate.

165. Further, Hume did not monitor for stock promotions of issuers whose penny stocks were deposited and sold through ACAP customer accounts. Nor did Hume implement policies or procedures that would require the Firm or any of its registered representatives to monitor whether customers paid for promotional activity concerning penny stocks that the customers deposited and liquidated through their ACAP accounts.

166. Hume also failed to analyze and evaluate daily and aggregate trading volume for penny stocks that were liquidated through ACAP customer accounts. In this regard, Hume failed to identify instances where Firm customers' liquidations of penny stocks represented a significant percentage of the underlying securities' outstanding shares, and/or represented a significant percentage of the daily trading volume in the security.

167. The Firm's AML Program stated that the Firm conducted AML monitoring by "using available exception reports or review[ing][] a sufficient amount of activity to permit identification of patterns of unusual size, volume, . . . or [other activity that] involve[d] red flags" However, Hume as AMLCO did not review any exception reports throughout the Relevant Period, and did not himself review or monitor deposits and liquidations of penny stocks for suspicious activity. Rather, Hume relied entirely on Ferguson and other registered representatives to identify potentially suspicious activity and to bring that activity to Hume's attention, without providing any guidance or training on how and when to identify this activity.

168. Specifically, Hume failed to identify as potentially suspicious the liquidation of over 3.3 billion shares of MPIX, TDEY, PRPM, and TDEY from the VB/JMB-Controlled Accounts, and failed to identify as potentially suspicious the numerous red-flags described in

paragraphs 93-94 above. Based on the foregoing, Hume failed to adequately implement the Firm's AML program, and as a result ACAP and Hume violated FINRA Rules 3310(a) and 2010.

**FIFTH CAUSE OF ACTION
FAILURE TO ESTABLISH ADEQUATE PROCEDURES
RELATED TO ELECTRONIC CORRESPONDENCE
(VIOLATIONS OF NASD RULE 3010 AND FINRA RULE 2010 BY ACAP)**

169. The Department realleges and incorporates by reference paragraphs 1 –168, above.

170. NASD Rule 3010(d)(3) required that “[e]ach member shall retain correspondence of registered representatives relating to its investment banking or securities business in accordance with Rule 3110. The names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records and the retained records shall be readily available to the Association, upon request.”

171. The Firm's WSPs lacked procedures or guidance to ensure that business-related communications sent from an email account that was used by multiple users identified the name of the person who prepared and transmitted any outgoing communication.

172. Consequently, from November 1, 2012 through March 31, 2013, each of approximately 1,593 outgoing business-related emails sent from a shared email address did not contain a clear indication of the person who prepared the correspondence.

173. Based on the foregoing, ACAP violated NASD Rule 3010 and FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondents ACAP, Ferguson and Hume committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including monetary sanctions, and that Respondents ACAP, Ferguson and Hume be required to disgorge fully any and all ill-gotten gains;

C. order that Respondents ACAP, Ferguson and Hume bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: April 19, 2016



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Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
06/04/12	MPIX	BL	20,000,000				
06/13/12	MPIX	BL	40,000,000				
06/25/12	MPIX	BL			2,800,000		\$4,480
06/26/12	MPIX	BL			250,000		\$600
06/27/12	MPIX	BL			173,500		\$330
06/28/12	MPIX	BL			3,800,000		\$6,840
06/29/12	MPIX	BL			690,000		\$1,656
07/02/12	MPIX	BL			1,136,100		\$2,386
07/05/12	MPIX	BL			1,651,000		\$3,467
07/06/12	MPIX	BL			1,514,778		\$3,787
07/09/12	MPIX	BL			1,848,700		\$4,067
07/10/12	MPIX	BL			750,000		\$1,500
07/11/12	MPIX	BL			2,650,000		\$5,300
07/12/12	MPIX	BL			900,000		\$1,980
07/13/12	MPIX	BL			1,502,000		\$2,854
07/16/12	MPIX	BL			4,720,000		\$8,496
07/17/12	MPIX	BL			3,805,010		\$6,849
07/18/12	MPIX	BL			2,650,000		\$3,975
07/19/12	MPIX	BL			4,290,008		\$8,151
07/20/12	MPIX	BL			4,965,000		\$14,895
07/23/12	MPIX	BL			5,985,795		\$26,337
07/24/12	MPIX	BL			4,600,300		\$21,161
07/24/12	MPIX	BL	40,000,000				
07/25/12	MPIX	BL			1,600,000		\$6,560
07/26/12	MPIX	BL			1,550,000		\$5,425
07/27/12	MPIX	BL			5,886,900		\$20,804
07/30/12	MPIX	BL			1,350,000		\$4,050
07/31/12	MPIX	BL			1,939,100		\$7,562
08/01/12	MPIX	BL			2,140,300		\$9,631
08/02/12	MPIX	BL			1,070,000		\$4,708
08/03/12	MPIX	BL	10,000,000				
08/03/12	MPIX	BL			2,738,799		\$13,146
08/06/12	MPIX	BL			3,351,400		\$21,114
08/07/12	MPIX	BL			1,800,000		\$11,340
08/08/12	MPIX	BL			310,000		\$2,046
08/09/12	MPIX	BL			955,000		\$5,826
08/10/12	MPIX	BL			3,443,099		\$15,150
08/13/12	MPIX	BL			1,240,000		\$6,696
08/14/12	MPIX	BL			495,000		\$2,178
08/14/12	MPIX	BL	7,500,000				
08/15/12	MPIX	BL			1,969,903		\$7,880
08/16/12	MPIX	BL			2,970,000		\$10,692
08/17/12	MPIX	BL			300,000		\$1,170
08/20/12	MPIX	BL			3,251,800		\$12,682
08/21/12	MPIX	BL			1,190,700		\$4,882
08/22/12	MPIX	BL			2,124,400		\$8,498

Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
08/23/12	MPIX	BL			1,754,333		\$7,368
08/24/12	MPIX	BL			2,919,418		\$8,466
08/27/12	MPIX	BL			1,998,696		\$6,796
08/28/12	MPIX	BL			1,067,000		\$3,094
08/30/12	MPIX	BL			603,333		\$1,629
08/31/12	MPIX	BL			2,363,399		\$5,436
09/04/12	MPIX	BL			655,000		\$1,376
09/05/12	MPIX	BL			2,349,900		\$3,760
09/07/12	MPIX	BL			10,088,700		\$20,177
09/11/12	MPIX	BL	20,000,000				
09/12/12	MPIX	BL			3,300,000		\$6,270
09/13/12	MPIX	BL			1,686,080		\$3,035
09/14/12	MPIX	BL			3,923,782		\$6,278
09/17/12	MPIX	BL			2,431,767		\$3,891
09/20/12	MPIX	BL			7,823,234		\$11,459
09/21/12	MPIX	BL			1,811,100		\$3,260
09/24/12	MPIX	BL			1,911,000		\$2,675
09/26/12	MPIX	BL			3,850,000		\$6,545
09/27/12	MPIX	BL			3,533,500		\$6,360
09/28/12	MPIX	BL			1,071,166		\$1,714
10/01/12	MPIX	BL	40,000,000				
10/03/12	MPIX	BL			2,710,000		\$4,607
10/04/12	MPIX	BL			2,998,500		\$3,898
10/05/12	MPIX	BL			3,440,000		\$4,128
10/09/12	MPIX	BL			7,397,300		\$6,658
10/12/12	MPIX	BL			4,372,764		\$6,122
10/15/12	MPIX	BL			8,148,500		\$8,149
10/16/12	MPIX	BL			10,932,936		\$9,840
10/24/12	MPIX	BL	40,000,000				
11/04/12	MPIX	BL	10,000,000				
11/07/12	MPIX	BL			1,450,000		\$4,785
11/08/12	MPIX	BL			2,250,000		\$6,750
11/09/12	MPIX	BL			7,499,500		\$23,248
11/12/12	MPIX	BL			9,775,400		\$31,281
11/13/12	MPIX	BL			3,910,000		\$14,076
11/14/12	MPIX	BL			7,097,200		\$28,928
11/15/12	MPIX	BL			10,625,500		\$65,666
11/16/12	MPIX	BL			4,765,000		\$30,120
11/19/12	MPIX	BL			8,534,647		\$66,237
11/20/12	MPIX	BL			4,092,753		\$26,030
11/27/12	MPIX	BL			2,987,812		\$22,546
11/28/12	MPIX	BL			755,500		\$5,341
11/30/12	MPIX	BL			3,821,600		\$18,420
12/04/12	MPIX	BL			1,995,000		\$8,425
12/05/12	MPIX	BL			440,088		\$2,545
12/06/12	MPIX	BL	10,000,000				

Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
12/14/12	MPIX	BL			641,064		\$10,510
12/17/12	MPIX	BL			1,880,000		\$34,396
12/18/12	MPIX	BL			3,739,300		\$42,852
12/19/12	MPIX	BL			1,888,000		\$15,948
12/20/12	MPIX	BL			1,233,503		\$11,507
12/21/12	MPIX	BL			3,130,600		\$33,134
12/21/12	MPIX	MLJ	40,000,000				
12/24/12	MPIX	BL			517,000		\$5,067
12/26/12	MPIX	BL			1,361,800		\$11,890
12/27/12	MPIX	BL			500,000		\$4,067
12/28/12	MPIX	BL			300,000		\$2,440
12/31/12	MPIX	BL			1,461,000		\$11,052
01/02/13	MPIX	BL			2,522,000		\$24,418
01/03/13	MPIX	BL			825,733		\$7,184
01/03/13	MPIX	MLJ			800,000		\$6,880
01/04/13	MPIX	MLJ			3,447,600		\$30,473
01/07/13	MPIX	MLJ			1,760,000		\$13,904
01/08/13	MPIX	MLJ			3,300,000		\$26,034
01/09/13	MPIX	MLJ			2,241,200		\$17,000
01/10/13	MPIX	MLJ			893,000		\$7,144
01/11/13	MPIX	MLJ			2,146,000		\$17,035
01/14/13	MPIX	MLJ			585,900		\$4,687
01/15/13	MPIX	MLJ			699,000		\$5,686
01/16/13	MPIX	MLJ			1,436,500		\$11,374
01/17/13	MPIX	MLJ			547,000		\$4,315
01/22/13	MPIX	MLJ			2,573,000		\$19,143
01/23/13	MPIX	MLJ			1,810,000		\$13,304
01/24/13	MPIX	MLJ			1,097,100		\$7,708
01/25/13	MPIX	MLJ			1,308,000		\$8,498
01/28/13	MPIX	MLJ			1,300,000		\$7,800
01/28/13	MPIX	MLJ	15,000,000				
01/29/13	MPIX	MLJ			1,346,800		\$7,448
01/30/13	MPIX	MLJ			2,333,645		\$12,851
01/31/13	MPIX	MLJ			3,808,900		\$22,168
02/01/13	MPIX	MLJ			2,000,000		\$12,200
02/05/13	MPIX	MLJ			1,400,000		\$7,546
02/06/13	MPIX	BL	20,000,000				
02/07/13	MPIX	MLJ			705,900		\$3,825
02/08/13	MPIX	MLJ			1,340,000		\$7,511
02/11/13	MPIX	MLJ			200,000		\$1,117
02/12/13	MPIX	MLJ			5,028,600		\$28,261
02/13/13	MPIX	MLJ			1,697,000		\$9,362
02/14/13	MPIX	MLJ			1,769,601		\$9,397
02/15/13	MPIX	MLJ			3,043,200		\$19,385
02/19/13	MPIX	MLJ			3,545,400		\$20,673
02/20/13	MPIX	MLJ			2,290,200		\$12,596

Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
02/21/13	MPIX	MLJ			1,250,000		\$7,000
02/22/13	MPIX	MLJ			2,497,400		\$13,461
02/25/13	MPIX	MLJ			2,250,000		\$11,790
02/26/13	MPIX	MLJ			1,499,900		\$7,500
02/26/13	MPIX	BL	10,000,000				
02/28/13	MPIX	MLJ			1,049,154		\$5,225
03/04/13	MPIX	BL			1,170,000		\$5,850
03/05/13	MPIX	BL			2,057,390		\$10,287
03/06/13	MPIX	BL			621,452		\$4,202
03/07/13	MPIX	BL			1,194,900		\$7,396
03/08/13	MPIX	BL			1,288,100		\$7,832
03/11/13	MPIX	BL			2,211,565		\$15,459
03/12/13	MPIX	BL			2,000,000		\$14,620
03/13/13	MPIX	BL			436,888		\$2,903
03/14/13	MPIX	BL			1,906,362		\$11,209
03/15/13	MPIX	BL			1,000,000		\$5,600
03/18/13	MPIX	BL			924,000		\$5,267
03/20/13	MPIX	BL			2,500,000		\$12,825
03/21/13	MPIX	BL			2,050,000		\$9,123
03/21/13	MPIX	MLJ	10,000,000				
03/25/13	MPIX	BL			900,000		\$5,040
03/26/13	MPIX	BL			2,000,000		\$11,580
03/27/13	MPIX	MLJ		2,000,000		\$13,710	
03/28/13	MPIX	BL			3,511,539		\$22,579
04/01/13	MPIX	BL			1,576,000		\$9,566
04/01/13	MPIX	MLJ	10,000,000				
04/02/13	MPIX	BL			2,439,978		\$13,810
04/03/13	MPIX	BL			3,841,000		\$19,205
04/04/13	MPIX	BL			3,766,311		\$21,016
04/05/13	MPIX	BL			3,979,500		\$21,927
04/09/13	MPIX	BL			1,000,000		\$5,200
04/10/13	MPIX	BL			2,016,500		\$10,708
04/12/13	MPIX	BL			2,500,000		\$13,250
04/15/13	MPIX	BL			1,426,000		\$7,415
04/16/13	MPIX	BL			1,682,515		\$8,749
04/17/13	MPIX	MLJ			3,900,000		\$20,670
04/18/13	MPIX	MLJ			1,070,900		\$5,569
04/19/13	MPIX	MLJ			2,981,737		\$17,652
04/22/13	MPIX	MLJ			5,000,000		\$30,550
04/23/13	MPIX	MLJ			2,000,000		\$11,760
04/24/13	MPIX	MLJ			2,653,378		\$13,798
04/24/13	MPIX	BL	10,000,000				
04/25/13	MPIX	MLJ			5,259,800		\$28,093
04/26/13	MPIX	MLJ			4,000,000		\$22,000
04/30/13	MPIX	MLJ			616,967		\$5,442
05/01/13	MPIX	MLJ			2,796,700		\$28,331

Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
05/02/13	MPIX	MLJ			2,649,000		\$31,656
05/03/13	MPIX	MLJ			2,560,500		\$35,079
05/06/13	MPIX	MLJ			2,243,787		\$38,638
05/07/13	MPIX	MLJ			2,013,700		\$33,369
05/08/13	MPIX	BL			196,469		\$2,894
05/08/13	MPIX	MLJ			2,253,531		\$33,195
05/08/13	MPIX	MLJ	30,000,000				
05/09/13	MPIX	BL			1,064,000		\$15,737
05/10/13	MPIX	BL			748,400		\$11,837
05/13/13	MPIX	BL			2,192,400		\$36,613
05/14/13	MPIX	BL			2,539,809		\$41,805
05/15/13	MPIX	BL			1,000,000		\$16,000
05/17/13	MPIX	BL			1,980,200		\$31,958
05/20/13	MPIX	BL			2,000,000		\$32,144
05/22/13	MPIX	BL			1,262,000		\$17,315
05/23/13	MPIX	BL			2,719,832		\$36,364
05/24/13	MPIX	BL			550,000		\$8,355
05/28/13	MPIX	BL			1,047,200		\$17,774
05/29/13	MPIX	BL			350,000		\$5,660
05/30/13	MPIX	BL			1,600,000		\$24,304
05/30/13	MPIX	BL	4,200,000				
05/31/13	MPIX	BL			1,126,000		\$18,218
06/03/13	MPIX	BL			1,660,100		\$25,340
06/04/13	MPIX	BL			1,300,000		\$21,021
06/06/13	MPIX	BL			1,100,000		\$17,496
06/07/13	MPIX	BL			563,590		\$8,510
06/07/13	MPIX	MLJ			511,410		\$7,722
06/10/13	MPIX	BL			1,109,999		\$16,317
06/11/13	MPIX	BL			1,530,000		\$21,111
06/12/13	MPIX	BL			1,000,000		\$14,000
06/14/13	MPIX	BL			560,001		\$8,397
06/14/13	MPIX	MLJ			439,999		\$6,597
06/17/13	MPIX	MLJ			966,500		\$15,163
06/19/13	MPIX	MLJ			1,219,550		\$17,831
06/21/13	MPIX	MLJ			852,300		\$11,932
06/24/13	MPIX	MLJ			500,000		\$7,300
06/25/13	MPIX	MLJ			1,936,158		\$28,272
06/26/13	MPIX	MLJ			240,000		\$3,533
06/27/13	MPIX	MLJ			1,000,000		\$12,930
06/28/13	MPIX	MLJ			1,018,000		\$13,275
07/02/13	MPIX	MLJ			1,000,000		\$12,200
07/09/13	MPIX	MLJ			1,262,900		\$14,372
07/10/13	MPIX	MLJ			2,085,000		\$28,565
07/11/13	MPIX	MLJ			1,500,000		\$19,050
07/12/13	MPIX	MLJ			641,900		\$8,178
07/15/13	MPIX	MLJ			1,500,000		\$16,500

Schedule A
Deposits and Trades in MPIX by BL and MLJ

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
07/16/13	MPIX	MLJ			911,616		\$10,000
07/18/13	MPIX	MLJ			703,400		\$7,583
07/19/13	MPIX	MLJ			1,471,800		\$15,160
07/23/13	MPIX	MLJ			1,000,000		\$8,418
07/24/13	MPIX	MLJ			3,795,200		\$30,050
07/25/13	MPIX	MLJ			1,110,909		\$8,443
07/30/13	MPIX	MLJ			864,054		\$8,518
07/31/13	MPIX	MLJ			500,000		\$5,243
08/02/13	MPIX	MLJ			890,000		\$10,297
08/05/13	MPIX	MLJ			2,079,304		\$30,770
TOTAL			491,700,000	2,000,000	493,700,000	\$13,710	\$2,898,792

Schedule B
Deposits and Trades in TDEY by BL

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
08/14/12	TDEY	BL	20,000,000				
08/22/12	TDEY	BL			2,878,528		\$2,879
08/23/12	TDEY	BL			3,340,000		\$2,672
08/24/12	TDEY	BL			3,781,472		\$3,025
08/27/12	TDEY	BL			5,997,300		\$5,398
08/28/12	TDEY	BL			795,000		\$954
08/29/12	TDEY	BL			3,207,700		\$2,566
09/11/12	TDEY	BL	15,000,000				
09/13/12	TDEY	BL			12,405,000		\$12,405
09/14/12	TDEY	BL			6,564,000		\$6,564
09/17/12	TDEY	BL			6,031,000		\$5,428
10/01/12	TDEY	BL	15,000,000				
10/05/12	TDEY	BL			20,000,000		\$14,000
10/08/12	TDEY	BL			8,000,000		\$4,800
10/16/12	TDEY	BL	30,000,000				
10/17/12	TDEY	BL			16,736,496		\$11,716
10/18/12	TDEY	BL			13,263,504		\$9,284
10/24/12	TDEY	BL	11,000,000				
11/02/12	TDEY	BL			7,501,430		\$8,252
11/05/12	TDEY	BL			25,498,570		\$22,949
11/13/12	TDEY	BL	30,000,000				
11/21/12	TDEY	BL			36,000,000		\$29,988
12/06/12	TDEY	BL	10,000,000				
12/14/12	TDEY	BL			36,000,000		\$21,168
12/21/12	TDEY	BL	14,000,000				
12/27/12	TDEY	BL			11,861,000		\$7,117
12/28/12	TDEY	BL			12,139,000		\$5,948
02/15/13	TDEY	BL	44,000,000				
03/01/13	TDEY	BL			20,000,000		\$8,000
03/04/13	TDEY	BL			5,412,500		\$2,165
03/06/13	TDEY	BL			18,587,500		\$7,435
03/21/13	TDEY	BL	18,000,000				
03/28/13	TDEY	BL			48,000,000		\$9,600
04/04/13	TDEY	BL	14,000,000				
04/24/13	TDEY	BL			54,000,000		\$10,800
05/13/13	TDEY	BL	18,000,000				
05/15/13	TDEY	BL			20,000,000		\$19,740
05/16/13	TDEY	BL			9,143,111		\$8,064
05/17/13	TDEY	BL			23,498,513		\$25,778
05/20/13	TDEY	BL			6,358,376		\$7,973
06/05/13	TDEY	BL	65,000,000				
06/11/13	TDEY	BL			5,000,000		\$12,640
06/12/13	TDEY	BL			2,000,000		\$5,516
06/13/13	TDEY	BL			3,793,555		\$6,354
06/14/13	TDEY	BL			4,000,000		\$6,640
06/18/13	TDEY	BL			1,000,000		\$1,764

Schedule B
Deposits and Trades in TDEY by BL

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
06/19/13	TDEY	BL			5,025,000		\$7,387
06/20/13	TDEY	BL			4,156,619		\$7,740
06/21/13	TDEY	BL			6,172,500		\$13,728
06/24/13	TDEY	BL			3,268,376		\$8,936
06/25/13	TDEY	BL			4,545,672		\$10,955
06/26/13	TDEY	BL			1,050,000		\$2,667
06/27/13	TDEY	BL			1,886,588		\$3,000
06/28/13	TDEY	BL			14,876,043		\$23,251
07/02/13	TDEY	BL			4,580,985		\$7,036
07/03/13	TDEY	BL			3,644,662		\$5,467
07/16/13	TDEY	BL	10,000,000				
07/23/13	TDEY	BL			3,147,580		\$3,576
07/24/13	TDEY	BL			15,512,647		\$17,017
07/25/13	TDEY	BL			11,723,443		\$11,594
07/26/13	TDEY	BL			5,000,000		\$4,500
07/29/13	TDEY	BL			2,500,000		\$2,250
07/30/13	TDEY	BL			9,985,182		\$9,097
07/31/13	TDEY	BL			8,754,082		\$7,721
08/01/13	TDEY	BL			3,000,000		\$2,700
08/02/13	TDEY	BL			880,000		\$792
08/05/13	TDEY	BL			9,497,066		\$7,626
08/12/13	TDEY	BL	10,000,000				
08/16/13	TDEY	BL	10,000,000				
08/19/13	TDEY	BL			12,812,000		\$10,288
08/20/13	TDEY	BL			7,265,200		\$5,696
08/21/13	TDEY	BL			11,506,000		\$10,252
08/22/13	TDEY	BL			7,967,001		\$7,170
08/23/13	TDEY	BL			6,430,000		\$5,729
08/26/13	TDEY	BL			4,019,799		\$3,742
08/29/13	TDEY	BL			4,614,001		\$4,249
08/30/13	TDEY	BL			23,385,999		\$20,626
09/11/13	TDEY	BL	40,000,000				
09/16/13	TDEY	BL			34,149,254		\$48,185
09/17/13	TDEY	BL			12,510,896		\$20,718
09/18/13	TDEY	BL			14,892,727		\$27,135
09/19/13	TDEY	BL			10,163,745		\$19,423
09/20/13	TDEY	BL			3,706,400		\$8,536
09/23/13	TDEY	BL			14,576,978		\$45,043
09/27/13	TDEY	BL	35,000,000				
09/30/13	TDEY	BL			14,806,239		\$58,899
10/01/13	TDEY	BL			3,400,000		\$13,661
10/03/13	TDEY	BL			6,710,165		\$32,209
10/04/13	TDEY	BL			3,337,937		\$14,320
10/07/13	TDEY	BL			804,500		\$3,997
10/08/13	TDEY	BL			10,208,356		\$49,021
10/09/13	TDEY	BL			12,429,349		\$49,941

Schedule B
Deposits and Trades in TDEY by BL

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
10/10/13	TDEY	BL			4,926,846		\$19,855
10/11/13	TDEY	BL			14,759,713		\$59,305
10/14/13	TDEY	BL			10,140,420		\$41,576
10/15/13	TDEY	BL			1,000,000		\$5,090
10/16/13	TDEY	BL			2,000,000		\$12,200
10/17/13	TDEY	BL			2,673,043		\$14,755
10/18/13	TDEY	BL			5,162,400		\$36,271
10/21/13	TDEY	BL			1,500,000		\$11,895
10/22/13	TDEY	BL			1,141,032		\$8,140
10/23/13	TDEY	BL					
11/01/13	TDEY	BL			2,021,250		\$30,802
11/04/13	TDEY	BL			1,455,413		\$19,881
11/06/13	TDEY	BL			2,727,958		\$34,481
11/07/13	TDEY	BL			1,133,600		\$11,676
11/08/13	TDEY	BL			5,601,368		\$66,236
11/11/13	TDEY	BL			902,001		\$10,775
11/12/13	TDEY	BL			2,013,586		\$22,391
11/13/13	TDEY	BL			1,738,985		\$17,390
11/14/13	TDEY	BL			3,912,525		\$36,386
11/15/13	TDEY	BL			1,440,305		\$13,098
11/18/13	TDEY	BL			2,419,999		\$21,514
11/19/13	TDEY	BL			1,774,501		\$13,983
11/20/13	TDEY	BL			2,450,000		\$13,326
11/21/13	TDEY	BL			7,307,500		\$42,018
11/22/13	TDEY	BL			1,911,340		\$11,013
11/25/13	TDEY	BL			2,096,500		\$10,971
11/26/13	TDEY	BL			9,418,309		\$40,593
11/27/13	TDEY	BL			2,431,900		\$10,533
11/29/13	TDEY	BL			1,582,000		\$6,542
12/02/13	TDEY	BL			10,893,464		\$53,378
12/03/13	TDEY	BL			6,588,467		\$39,926
12/04/13	TDEY	BL			2,032,992		\$10,360
12/05/13	TDEY	BL			5,497,500		\$25,267
12/06/13	TDEY	BL			6,523,468		\$27,170
12/09/13	TDEY	BL			3,782,530		\$15,471
12/10/13	TDEY	BL			941,460		\$3,691
12/11/13	TDEY	BL			2,397,450		\$8,269
12/12/13	TDEY	BL			7,003,629		\$21,480
TOTAL			935,000,000	0	935,000,000	\$0	\$1,773,167

Schedule C
Deposits and Trades in PRPM by BL

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
07/12/11	PRPM	BL	150,000,000				
08/16/11	PRPM	BL			30,000,000		\$3,000
08/17/11	PRPM	BL			20,000,000		\$2,000
08/18/11	PRPM	BL			20,000,000		\$2,000
08/19/11	PRPM	BL			10,000,000		\$1,000
08/22/11	PRPM	BL			15,000,000		\$1,500
08/23/11	PRPM	BL			5,000,000		\$500
08/25/11	PRPM	BL			50,000,000		\$5,000
08/29/11	PRPM	BL			20,000,000		\$2,000
08/30/11	PRPM	BL			12,000,000		\$1,200
12/30/11	PRPM	BL		21,000,000		\$2,100	
11/23/12	PRPM	BL			45,560,700		\$4,465
11/26/12	PRPM	BL			43,439,300		\$4,344
01/30/13	PRPM	BL	500,000,000				
01/31/13	PRPM	BL			100,000,000		\$20,000
02/05/13	PRPM	BL			40,000,000		\$4,000
02/06/13	PRPM	BL			47,542,700		\$9,318
02/07/13	PRPM	BL			27,471,600		\$5,384
02/08/13	PRPM	BL			20,139,199		\$4,028
02/12/13	PRPM	BL			5,662,800		\$1,110
02/14/13	PRPM	BL			19,393,800		\$3,801
02/19/13	PRPM	BL			39,789,901		\$7,799
02/22/13	PRPM	BL	150,000,000				
03/07/13	PRPM	BL			60,000,000		\$6,000
03/15/13	PRPM	BL			100,000,000		\$9,800
03/22/13	PRPM	BL	150,000,000				
09/03/13	PRPM	BL			20,000,000		\$4,000
09/04/13	PRPM	BL			30,000,000		\$6,000
09/06/13	PRPM	BL			20,000,000		\$2,000
09/09/13	PRPM	BL			30,000,000		\$3,000
09/10/13	PRPM	BL			70,000,000		\$7,000
09/18/13	PRPM	BL	150,000,000				
09/20/13	PRPM	BL			118,000,000		\$11,800
09/23/13	PRPM	BL			112,000,000		\$11,200
10/14/13	PRPM	BL	100,000,000				
10/15/13	PRPM	BL			74,584,067		\$7,309
10/16/13	PRPM	BL			99,689,198		\$9,770
10/17/13	PRPM	BL			25,726,735		\$2,521
11/01/13	PRPM	BL	100,000,000				
11/04/13	PRPM	BL			177,492,499		\$34,789
11/05/13	PRPM	BL			17,368,333		\$3,404
11/06/13	PRPM	BL			5,139,168		\$1,007
11/17/13	PRPM	BL	400,000,000				
11/19/13	PRPM	BL			400,000,000		\$39,200
TOTAL			1,910,000,000	21,000,000	1,931,000,000	\$2,100	\$241,249

Schedule D
Deposits and Trades in CGRA by BL

Date	Symbol	Account	Shares Received	Shares Bought	Shares Sold	Dollar Amount Purchased	Dollar Amount Sold
08/15/12	CGRA	BL	2,000,000				
09/04/12	CGRA	BL			10,000		\$2,450
09/05/12	CGRA	BL			20,000		\$1,470
09/13/12	CGRA	BL			40,000		\$932
09/14/12	CGRA	BL			10,000		\$200
09/18/12	CGRA	BL			25,000		\$368
10/08/12	CGRA	BL			20,000		\$1,380
10/09/12	CGRA	BL			40,400		\$2,081
10/15/12	CGRA	BL			97,839		\$6,457
10/16/12	CGRA	BL			40,000		\$2,156
10/19/12	CGRA	BL			215,500		\$11,184
10/22/12	CGRA	BL			88,000		\$4,752
10/25/12	CGRA	BL			10,000		\$784
10/26/12	CGRA	BL			124,000		\$11,706
11/01/12	CGRA	BL			57,000		\$5,985
11/02/12	CGRA	BL			20,000		\$2,352
11/05/12	CGRA	BL			68,543		\$9,856
11/06/12	CGRA	BL			26,500		\$4,479
11/08/12	CGRA	BL			23,000		\$3,910
11/09/12	CGRA	BL			12,200		\$2,152
11/16/12	CGRA	BL			30,000		\$4,193
11/19/12	CGRA	BL			10,814		\$1,838
11/20/12	CGRA	BL			15,000		\$1,050
11/27/12	CGRA	BL			50,000		\$3,000
11/28/12	CGRA	BL			50,000		\$2,940
12/18/12	CGRA	BL			10,000		\$600
12/26/12	CGRA	BL			109,000		\$5,596
12/27/12	CGRA	BL			110,800		\$7,424
12/31/12	CGRA	BL			32,000		\$2,906
01/02/13	CGRA	BL			42,000		\$3,892
01/03/13	CGRA	BL			25,000		\$2,600
01/07/13	CGRA	BL			20,000		\$2,352
01/09/13	CGRA	BL			25,000		\$3,575
01/11/13	CGRA	BL			30,000		\$3,600
01/15/13	CGRA	BL			30,000		\$3,822
01/30/13	CGRA	BL			21,199		\$1,484
01/31/13	CGRA	BL			90,000		\$6,875
02/04/13	CGRA	BL			22,400		\$1,655
02/07/13	CGRA	BL			44,384		\$2,533
02/08/13	CGRA	BL			25,000		\$1,347
02/11/13	CGRA	BL			40,000		\$2,700
02/12/13	CGRA	BL			98,300		\$5,086
02/13/13	CGRA	BL			121,121		\$7,307
TOTAL			2,000,000	0	2,000,000	\$0	\$153,028