

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Bradley C. Reifler (CRD No. 1589414),

Respondent.

DISCIPLINARY PROCEEDING
No. 2016050924601

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Bradley C. Reifler failed to comply with his obligation to provide full and complete testimony under FINRA Rule 8210 by refusing to answer questions asked by FINRA staff during on-the-record testimony (“OTR”) on May 30, 2017 and June 29, 2017.
2. FINRA staff conducted an investigation into the Forefront Income Trust (“FIT”), a closed-end mutual fund that Reifler created while associated with a FINRA member.
3. As part of the investigation, FINRA staff requested that Reifler appear for OTRs on May 30, 2017 and June 29, 2017 pursuant to FINRA Rule 8210.
4. While Reifler appeared for testimony, he refused to answer many questions asked by FINRA staff relating to his involvement in FIT and the use of FIT investors’ money. As a result, Reifler violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

5. Reifler entered the securities industry in 1986.

6. From March 2011 to August 2015, he was registered with FINRA as a General Securities Principal and a General Securities Representative through an association with Forefront Capital Markets, LLC (BD No. 151812).

7. Then, from September 2015 to November 2015, Reifler was registered with FINRA as a General Securities Principal and a General Securities Representative through an association with another member firm.

8. Although Reifler 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 Reifler's registration with a member firm, namely, November 16, 2015, and (2) the Complaint charges him with failing to answer questions asked during on-the-record testimony during the two-year period after the date upon which he ceased to be registered with a FINRA member.

FACTS

9. Reifler is, or was, the founder and chief executive officer of Forefront Management Group, LLC and its subsidiary Forefront Capital Markets, LLC.

10. Reifler created FIT while he was registered with FINRA through an association with Forefront Capital Markets, LLC.

11. FIT was marketed as a high-yield fund that would provide non-accredited investors access to those investment opportunities previously reserved for the "1%."

12. FINRA staff began an investigation of FIT in order to determine, among other things, whether FINRA member firms or persons associated with FINRA member firms (collectively “FINRA Members”) had solicited and executed FIT investments, whether FINRA Members had performed due diligence on FIT, and whether FINRA Members had determined the suitability of FIT investments for investors.

13. During this investigation, FINRA staff learned that FIT’s largest investor, NCM, filed a lawsuit against Reifler and others.

The NCM Lawsuit

14. In its lawsuit, NCM alleges that it entrusted Reifler and the other defendants with investing and holding a significant amount of its assets (that is, tens of millions of dollars).

15. NCM alleges that instead of investing its money in compliance with relevant state law and the parties’ agreements, Reifler and the other defendants conspired in a fraudulent scheme designed to benefit Reifler and others.

16. NCM alleges, in pertinent part, that:

- a. without NCM’s consent, \$10 million was invested in FIT;
- b. even though a \$10 million FIT investment would be entitled to a reduction in the sales load from 3.0% to 1.5%, that reduction was waived, without NCM’s permission;
- c. in December 2015, a dividend for NCM’s investment (approximately \$490,000) was never delivered to NCM, but instead deposited in a separate bank account opened by Reifler and/or others under false pretenses; and

- d. without NCM's consent, its money was loaned to various Reifler-related entities through promissory notes executed by Reifler.

The May 30, 2017 OTR

17. On or about May 5, 2017, FINRA staff sent a letter to Reifler requesting, pursuant to FINRA Rule 8210, that he appear for an OTR on May 30, 2017.

18. Included with the May 5, 2017 letter was an addendum advising Reifler that he could be subject to a disciplinary action and the imposition of disciplinary sanctions, including a bar from the securities industry, should he fail to answer all questions asked by FINRA staff.

19. Reifler appeared on May 30, 2017 for his OTR.

20. During the May 30 OTR, Reifler refused to answer multiple questions relating to FIT, stating that "All FIT questions really are not under FINRA's jurisdiction. So I'm going to shorten this by letting you know that I'm not going to answer many questions about FIT."

21. The questions Reifler refused to answer included questions about:

- a. His involvement in NCM's investment in FIT;
- b. Whether he introduced any investors or borrowers to FIT;
- c. Whether he solicited investments in FIT while registered with FINRA; and
- d. One of the entities on whose behalf he executed promissory notes.

22. Attached to this Complaint as Exhibit A is a list of those May 30 OTR questions that Reifler refused to answer.

23. FINRA staff told Reifler during the May 30 OTR that his refusal to answer questions could constitute a violation of FINRA Rule 8210 and could subject him to disciplinary action and sanctions.

The June 29, 2017 OTR

24. On or about June 8, 2017, FINRA staff sent a letter to Reifler requesting, pursuant to FINRA Rule 8210, that he appear for an OTR on June 29, 2017.

25. Included with the June 8, 2017 letter was an addendum advising Reifler that he could be subject to a disciplinary action and the imposition of disciplinary sanctions, including a bar from the securities industry, should he fail to answer all questions asked by FINRA staff.

26. Reifler appeared on June 29, 2017 for his OTR.

27. During the June 29 OTR, Reifler refused to answer multiple questions relating to FIT and NCM's allegations, claiming that he would not answer the questions because the lawsuit by NCM was ongoing.

28. The questions Reifler refused to answer included questions about:

- a. What he did with NCM's funds;
- b. Which individuals determined where NCM's money should be invested;
- c. Why a co-defendant believed the missing FIT dividend went to a bank account controlled by Reifler;
- d. Whether Reifler was an authorized signer on any NCM custodial trust bank accounts; and

- c. The underlying collateral for the promissory notes that he signed on behalf of a Reifler-related entity.

29. Attached to this Complaint as Exhibit B is a list of those June 29 OTR questions that Reifler refused to answer.

30. FINRA staff told Reifler during the June 29 OTR that his refusal to answer questions could constitute a violation of FINRA Rule 8210 and could subject him to disciplinary action and sanctions.

CAUSE OF ACTION

Failure to Provide Testimony (FINRA Rules 8210 and 2010)

31. The Department realleges and incorporates by reference paragraphs 1 through 30 above.

32. FINRA Rule 8210 authorizes FINRA, in the course of its investigations, to require persons subject to its jurisdiction to “provide information orally, in writing, or electronically . . . and to testify at a location specified by FINRA staff, under oath or affirmation . . . with respect to any matter involved in the investigation.”

33. FINRA Rule 8210 requires persons subject to FINRA’s jurisdiction to provide full and complete responses to questions asked during testimony requested by FINRA pursuant to FINRA Rule 8210.

34. Failing to provide full and complete testimony requested by FINRA pursuant to FINRA Rule 8210 violates FINRA Rules 8210 and 2010.

35. At all relevant times, Reifler was subject to FINRA’s jurisdiction.

36. The requests to Reifler for his OTR testimony on May 30, 2017 and June 29, 2017 were made pursuant to FINRA Rule 8210.

37. During his OTR testimony on both May 30, 2017 and June 29, 2017, Reifler refused to answer questions about FIT and NCM's allegations.

38. By refusing to provide full and complete testimony during his May 30 and June 29 OTRs, Reifler violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Reifler committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed; and
- C. order that Reifler 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: September 26, 2017



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Exhibit A

(May 30, 2017 OTR)

Q. What do you do as interested trustee [of FIT]?

A. Not much. Attend board meetings.

Q. Are those investment committee meetings?

A. No. Board meetings.

Q. How often does the board meet for FIT?

A. All FIT questions really are not under FINRA's jurisdiction. So I'm going to shorten this by letting you know that I'm not going to answer many questions about FIT.

(OTR at 18-19)

Q. Has FIT ever made a loan to a borrower in which you or an entity with which you're affiliated had an ownership or financial interest?

A. Not discussing FIT. There's no jurisdiction, so I respectfully refuse to answer the question.

(OTR at 26)

Q. Did you solicit investments in FIT while registered at [member firm WCS]?

A. Not discussing FIT.

(OTR at 37)

Q. You won't answer whether while you were registered at [member firm WCS] whether you solicited investments in FIT?

A. I don't remember if I did. I don't recall my soliciting any investors for FIT.

Q. Is that limited to the time while you were registered with FINRA, Mr. Reifler, or is that for all time that FIT's been in existence?

A. In existence. I don't recall my soliciting. If I tell my friends about FIT, I don't look at that as soliciting.

Q. Have you told a friend about FIT who then made an investment in FIT?

A. I don't want to discuss the investors in FIT.

(OTR at 38-39)

Q. Have you ever brought an opportunity to FIT for investment?

A. I don't remember.

Q. For example, FIT invested in – or made a loan to [DE], correct?

A. Everything is public on FIT and its loans.

Q. Is that a yes or a no, Mr. Reifler?

A. Everything is public about FIT and I'm not here to discuss FIT. There's no reason that I have in terms of your jurisdiction to discuss FIT. I've tried to be helpful and talk to – you know, respond to some of the questions just to be – you know, just to show I'm trying to be open but there are certain things that are just not in your jurisdiction. I know that's frustrating for you.

Q. It's not frustrating, sir. I'm not frustrated. I would remind you that there are penalties associated with –

A. Please. Excuse me?

Q. Sir, I let you finish. Please allow me the same courtesy. I just remind you that there are penalties for failure to respond to questions posed pursuant to FINRA Rule 8210. And if a penalty is found, you could be subject to a fine, a suspension or a bar from the industry. You understand that, correct?

A. I do not understand that there would [be] any bar or any risk responding to things or refusing to respond to areas outside of your jurisdiction. I would certainly fight you legally in terms of what your jurisdiction is and what you're allowed to do. I really don't take – I take offense to your threats in terms of if I refuse to answer something that's outside your jurisdiction, that I could be barred. Quite frankly I cannot be barred for not answering things outside your jurisdiction. That's not legal.

Q. Your position is noted. I disagree with it. Again just to be clear, you won't answer when FIT's investment in [DE] was made, right?

A. I will – I told you there are public records on all the investments that FIT has made. The dates, the amounts, everything is public. I'm not here to discuss FIT. I was registered to FINRA. I'm here to talk about anything that has to do with my registration and FINRA, not things that are outside your jurisdiction respectfully.

Q. So you won't answer whether you introduced [DE] to FIT, correct?

A. I am telling you very kindly for the third time, we're going on the fourth time, that everything is public. I'm not here to discuss anything that is not within the supervision without the authority that FINRA is not allowed to have. I am not here to discuss FIT. FIT is outside the jurisdiction of FINRA and I refuse to answer only because that's outside the jurisdiction. And I don't see the relationship of my being registered to FINRA as having anything to do with FIT.

(OTR at 45-47)

Q. When people invest in FIT or when entities invest in FIT, is there a broker-dealer involved?

A. I have no idea.

Q. Is anyone reviewing a FIT investment for suitability?

A. No idea.

Q. Who would know whether a broker-dealer is involved in the FIT investment?

A. I believe that you're only allowed to ask me questions about the Exchange Act of 1934, not the Securities Act. So I'm unfortunately not going to be discussing that. FINRA has no statutory authority to prosecute – this was a case. The Exchange Act is the only statute that Congress gave FINRA the authority to enforce and therefore the only statute in which FINRA is deemed to have expertise the petition contended.

Q. You're reading this off your phone right now?

A. I am.

(OTR at 48-49)

Q. Who was the largest investor to FIT?

A. No idea – I do have an idea but I'm not discussing it.

(OTR at 52)

Q. Right. But what happened first? FIT gets an investor or FIT makes a loan?

A. No idea.

Q. Was there to be a certain – was one to precede the other?

A. I'm not here to discuss FIT.

Q. So you're not –

A. The Exchange Act is what I'll talk about, not the Securities Act.

(OTR at 53)

Q. How was Forefront Capital Markets receiving commissions related to the sales activity connected to FIT?

A. I'm not discussing FIT. Pardon me.

(OTR at 53)

Q. Did you bring the [W-SI] opportunity to FIT?

A. I'm not discussing Securities Act questions.

Q. The [W-SI], is that an opportunity you brought to FIT while you were registered with FINRA?

A. Not discussing Securities Act questions.

(OTR at 55)

Q. Did you introduce the [B&M] investment opportunity at any time?

A. I don't know why we're talking about securities-related questions.

Q. Are you going to answer my question, sir, about [B&M]?

A. I'm going to go into the same thought that it's not your jurisdiction. I'm respectfully not going to answer.

Q. Understood. [DEN], did you introduce that investment opportunity to FIT?

A. I'll be consistent and say I'm not answering. But just for – just to have peace here no, I did not.

Q. Did you introduce the [AFG] investment opportunity to FIT?

A. That's where my kindness ends so we're going to say it's not within your jurisdiction, so I'd prefer not to answer.

(OTR at 57)

Q. [7AE], did you introduce that opportunity to FIT?

A. I don't believe I need to answer securities-related questions.

Q. Did you introduce [ISBRP] to FIT?

A. I don't believe it's under your jurisdiction to ask me those questions.

Q. Did you introduce [2ER] to FIT?

A. I don't believe it's under your jurisdiction to ask me those securities questions.

Q. Did you introduce [WPA] to FIT?

A. Just so we can maintain this kindness, I did not.

Q. How about [WW2S]?

A. I don't believe I should answer non-Exchange Act related questions.

Q. This appears to be the last one. [WMT], did you introduce that to FIT?

A. I don't believe I should answer non-Exchange Act questions.

(OTR at 58-59)

Q. What is [PRNCMRT]?

A. It's not related to anything here.

Q. So what is it? I notice it has the [7TS] address, 37th Floor.

A. Not related to any broker-dealer involvement, so therefore it's not under your jurisdiction.

(OTR at 61)

Q. Where did FIT get the money to make those loans?

A. May I call you Matt or Mr. Ryan?

Q. However you're more comfortable, Mr. Reifler.

A. Thank you, Mr. Ryan. I know that we can shorten today's OTR considerably if you would show me the kind respect of recognizing what your jurisdiction is and what it isn't even though I know we may have a difference of opinion. I'm not going to answer FIT-related questions. So any questions that you ask related to FIT I'm not obliged to answer. If it has to do with the broker-dealer at the time I was registered and whatnot, I'd be more than happy to answer.

(OTR at 61-62)

Q. FIT's seed money was approximately 10 million dollars, correct?

A. That's correct.

Q. When did FIT obtain that seed money?

A. Jurisdiction.

(OTR at 62-63)

Q. I know earlier before break you testified that FIT's investments should be between FIT and borrower. [Exhibit] 52 looks like it's between this [PR] entity and [DE]. That is not between FIT and [DE]. Why is that?

A. Don't know.

Q. Was this promissory note paid back?

A. Jurisdiction.

(OTR at 63)

Q. Again, you had no involvement in any loans to [DEG]?

A. Jurisdiction.

(OIR at 67)

Q. If I can draw your attention to the second page [of Exhibit 48] about almost towards the end of the page [A] sends an e-mail to [KM] and [SS] CCing [MA], [MF], [SG], [DG], [KII] and [MB] stating: Thank you for the quick response, [K]. Brad, CEO, just told me that the year-end distribution made on December 31st was not supposed to be reinvested for [PR]. This was an error.

A. Okay.

Q. Do you recall telling [A] that?

A. No.

Q. What's that all about, this e-mail?

A. No idea and jurisdiction.

Q. That e-mail that [FINRA examiner KW] just read is dated January 6, 2016. What were you CEO of at that time?

A. I don't know.

Q. Were you CEO of FIT at that time?

A. I don't know. When did my registration end?

Q. November 2015, sir.

A. So I wasn't registered at this time so jurisdiction.

Q. Were you CEO of [PR]?

A. Jurisdiction.

Q. Have you ever held a position at [PR]?

A. I haven't but jurisdiction.

Q. If you could draw your attention to that last page, it includes an electronic funds transfer instructions for [PRNCM] the last four of the account number [####]. Did you provide those electronic funds transfer instructions to [A]?

A. Jurisdiction.

(OTR at 68-69)

Q. The [PRNCM], does that have any meaning to you?

A. Jurisdiction.

Q. Who is [MA]?

A. Jurisdiction.

(OTR at 70)

Q. This e-mail is dated January 7 of 2016. Since that date have you asked or advised the directions of any wires as [A] said you had earlier?

A. Jurisdiction.

Q. Do you maintain a business bank account for [F] at [JPMC]?

A. I don't know what that is and jurisdiction. We had about 30 accounts at [C]. I don't know when we had them, when we didn't.

Q. Why would [MF] have been included on this e-mail if he worked for [FG]?

A. Jurisdiction.

Q. Is [MF] involved with FIT at all?

A. Jurisdiction.

(OTR at 72-73)

Q. What was your involvement with the [B&M] investment or loan by FIT?

A. Jurisdiction.

Q. Page one [of Exhibit 54] discusses the warrant being between [FP] -- it's [FP] that is receiving the warrant. Do you see that?

A. I see that.

Q. Is [FP] receiving this warrant in connection with the FIT investment in [B&M]?

A. Jurisdiction.

Q. Why did [FP] get the warrant instead of FIT?

A. Jurisdiction.

Q. We looked at the [B&M] warrant which is with [FP] as well as the promissory note with [DE] that is with [PR]. Are there any other FIT investments where the relevant documents are between the borrower and a non-FIT entity?

A. Well you're presuming that [PR] is a non-FIT entity.

Q. I'm okay [with] that.

A. That's your presumption. And jurisdiction.

Q. Are there other FIT investments where the agreement with the borrower is [PR] instead of with FIT?

A. Jurisdiction.

Q. We saw earlier a number of names on the Edgar filing, the Form N-Q of FIT's assets. Are any of those assets with – is the loan documentation between [FP] and the borrower?

A. Jurisdiction.

(OTR at 74-75)

Q. Turn to page two [of Exhibit 51].

A. Okay.

Q. These are the investments again. Do you have any ownership or financial interest in any of these companies identified?

A. The answer is no. But also jurisdiction.

(OTR at 78)

Q. Are you familiar with a company named [STC]?

A. I am.

Q. How do you know of that company?

A. It has nothing to do with the Exchange Act so jurisdiction.

Q. What is [STC]?

A. It's a trust company.

Q. When did you first become aware of them?

A. Jurisdiction.

(OTR at 79-80)

Q. Who was your contact at [STC] before its bankruptcy?

A. I don't remember.

Q. Does the name [KB] or [GB] refresh your memory?

A. Yes. They were part of [STC].

Q. Did you ever meet with them in person?

A. I did.

Q. Why did you meet with them?

A. Jurisdiction.

Q. Did you meet with them while you were registered with FINRA?

A. I don't. There would be no FINRA-related activity.

(OTR at 80-81)

Q. Do you know an individual named [MR]?

A. I do.

Q. How do you know him?

A. Jurisdiction.

Q. Did you ever meet with him in person?

A. Yes.

Q. When and why?

A. Jurisdiction.

Q. Did you meet [MR] while you were registered with FINRA?

A. I don't recall.

Q. Was it to discuss FIT business?

A. Jurisdiction.

(OTR at 81)

THE WITNESS: Mr. Ryan, we can shorten this if you would – I know you want it on the record. But on the record that I will not answer due to jurisdictional issues any questions that have the word FIT in it. So to really shorten this up, have a shorter day and so I kindly ask you, I know you're the guy where you can say okay.

MR. RYAN: I'll try to ask 60,000-foot view questions as frequently as possible.

THE WITNESS: Thank you.

MR. RYAN: Like so for example, will you testify about the 10 million dollars from [NCM] that was invested in FIT?

THE WITNESS: No.

MR. RYAN: Jurisdiction?

THE WITNESS: Jurisdiction.

(OTR at 82-83)

Q. Can you explain to me why the investment for [MR] came from a [FP] bank account?

A. Jurisdiction.

Q. Does this account number sound familiar to you, the [####]?

A. Jurisdiction. I don't believe [FP] is registered to FINRA.

(OTR at 83)

Q. The e-mail on the last page of this exhibit [55] has a chain. One e-mail is from [GFS]. What's that?

A. Jurisdiction.

(OTR at 84)

Q. Did you meet [MR] on or before July 23, 2015?

A. Not in anything related to the Exchange Act.

Q. Is that a yes?

A. No. It's not – jurisdiction.

Q. When is the last time you spoke to [MR]?

A. Jurisdiction. [MR] has nothing to do with my involvement in FINRA or being registered.

Q. What was the commission for [MR's] investment as reflected in the Exhibit 55?

A. Jurisdiction.

Q. To whom would that commission have been paid?

A. Jurisdiction.

Q. Would that commission have gone to Forefront Capital Markets?

A. Jurisdiction.

Q. The [MR] investment, who would have endorsed the checks issued by [GFS]?

A. Jurisdiction.

Q. Commission payments received through a broker-dealer?

A. Jurisdiction. I don't know what the broker-dealer, what – when and if. I have no idea.

(OTR at 85-86)

Q. What would be the commission generated on a \$162,281 investment with FIT?

A. Jurisdiction.

Q. More pointedly what was the commission on [MR's] investment in July 2015?

A. Jurisdiction.

(OTR at 88)

Q. Has [SW] invested in FIT?

A. Jurisdiction.

Q. Did you solicit his investment in FIT?

A. Jurisdiction.

(OTR at 88)

Q. Have you ever seen this account application before?

A. Jurisdiction. Anything that you are asking about Mr., you said it's [SW]?

Q. Mm-hmm.

A. It's jurisdiction. It has nothing to do with the time of the registration, the Securities Act.

Q. So you personally did not solicit [SW] for this investment?

A. Jurisdiction.

(OTR at 89)

Q. I'd like to draw your attention to the second page when you've had a moment to review. If you look at the wire details here, a debit out of a – in the amount of \$100,000 from a [FP] bank account held at [BOA] wired into the bank account held for Forefront Income Trust by [N] for the benefit of [SW]. Why would [SW's] investment come from [FP]?

A. Jurisdiction.

Q. Have you ever met him in person with [SW]?

A. Jurisdiction. But the answer is no.

Q. Do you know his investment profile at all, net income?

A. Jurisdiction.

(OTR at 90-91)

Q. This [new account form for PRNCMRT, Exhibit 20,] is dated May 1, 2015. I'll represent to you that you were registered with FINRA during that time, Mr. Reifler. What involvement did you have with the investment for [PRNCMRT] into FIT?

A. Nothing as it relates to FINRA.

Q. So you were involved?

A. Nothing as it relates to FINRA.

Q. Please describe your involvement, sir.

A. Jurisdiction.

MR. RYAN: [PRT's] investment was 10 million dollars as reflected on page two, correct?

A. Jurisdiction.

(OTR at 91-92)

Q. What did [CE] have to do with the [PRT's] investment in FIT?

A. Jurisdiction.

Q. Was [CE] compensated for the [PR] investment?

A. Jurisdiction.

Q. Was [MF] involved –

A. Jurisdiction.

Q. – with the [PR] investment?

A. Pardon me for interrupting. Jurisdiction.

(OTR at 93)

Q. Are you familiar with the term sales load or rate points for investments?

A. I'm familiar with that term.

Q. Was the FIT sales load three percent?

A. Jurisdiction.

(OTR at 93)

Q. Exhibit 21 consists of two letters, both dated April 30, 2015. I'll represent to you, Mr. Reifler, that you were registered with FINRA then. These letters concern the possible reduction of the sales load from three point zero percent to one point five percent. Do you see that?

A. I see that.

Q. By these letters the [PRT] was waiving its right to have the sales load reduced, correct?

A. The letters are self-explanatory, sir.

Q. What involvement did you have with this waiver of the sales load for [PRT]?

A. Jurisdiction.

Q. Was your involvement at or around April 30, 2015?

A. Jurisdiction. Never said I had involvement.

Q. I understand. Why were these letters written?

A. Jurisdiction.

Q. Have you ever spoken to anyone or any entity about this [PR] sales load?

A. Jurisdiction.

Q. Why would a potential investor in FIT forego [sic] a break point?

A. Jurisdiction.

Q. Why did [PRT] forego [sic] the break point?

A. Jurisdiction.

(OTR at 94-95)

Q. If we could, could you please pick up Exhibit Number 51? It's the Form N-Q.

A. Is that the one from Edgar?

Q. Exactly. It's the one from Edgar, and I'd like you to turn to page six.

A. Yes.

Q. Page six, paragraph B there is: [D] – this is a paragraph in reference to the FIT investment with [W]. This paragraph refers to an entity [TCV]. What is this [T] entity?

A. Jurisdiction.

Q. If you keep reading this paragraph B, it makes a reference to a [JR]. What is [JR]?

THE WITNESS: Jurisdiction.

Q. Then further reading along there's [WCOL].

A. Yes, there is.

Q. What is that entity?

A. Jurisdiction.

(OTR at 96-97)

Q. What investments did you consider as an investment committee member during the period of your registration with FINRA? Those are FIT investments.

A. I don't think that my registration with FINRA had anything to do with any of the investments that were made or I knew of or looked over, consulted with. There was no broker-dealer activity, no registration activity associated with that business.

Q. But while you were registered with FINRA, there was investment committee activity, correct?

A. The word investment committee is a broad word. There were several people that had expertise that would look at loans and look at opportunities.

Q. Did FIT have a designated investment committee of which you were a member?

A. Jurisdiction.

Q. What FIT investments did you consider as an investment committee member during the period that you were registered with FINRA?

A. There was nothing that I did that related to any FINRA governance when I was involved with FIT in any way.

Q. Would it help, sir, if we returned to the second page of the Form N-Q which lists FIT investments? You have that in front of you? That's Exhibit 51.

A. Okay.

Q. These are the FIT investments on page two. Which of these investments did you consider as an investment committee member during your registration with FINRA?

A. There's nothing that I see here that would relate to any – there's no activity that involved my licensing with FINRA. One didn't have to be licensed or – one had nothing to do with FINRA with this activity.

Q. I understand your comment, sir. I'm asking something a little different which is which of these investments listed on page two of 51 did you consider as a member of the investment committee during the period you were registered with FINRA?

A. Mr. Ryan, you presume that I'm on this formal investment committee which I don't believe I ever said. So the first part of your question doesn't really relate to what – I don't understand what your question is. The dates of these investments, whatever overlapped with my FINRA registration in whatever regard I had to FIT and its consulting or whatever I may have done in these investments had nothing to do with being registered or not. I didn't have to be registered to do any of the activities that I did involving these investments.

(OTR at 97-100)

Q. Which of these investments on page two of Exhibit 51 did you consider for FIT investment in any committee capacity during the period you were registered with FINRA?

A. Whatever overlapped in terms of timing, and I don't know what the timing of these investments are, would be the time that if I were to have looked at these particular investments, that's the overlapping of time. But my registration had nothing to do with any of these activities.

Q. Which of those investments where there would be overlap did you propose for FIT investment?

A. First of all I never –

Q. To the extent there were any.

A. I would respectfully say find out the dates of these investments. You know when I was registered and you could then do that overlap. But other than that I didn't have to be registered, so I'm going to say that there's no jurisdictional questions that I can answer in relationship to FIT as you asked this question.

(OTR at 100-01)

Q. In considering a possible FIT investment were there materials submitted in advance of these group meetings?

A. Jurisdiction.

Q. Would you review borrower documents –

A. Jurisdiction.

Q. – in consideration?

A. Jurisdiction.

Q. Where would those documents be now?

A. Jurisdiction.

(OTR at 101-02)

Q. Did you serve or have you ever served on the valuation committee relating to FIT investments?

A. Jurisdiction.

Q. Did you serve on that committee while you were registered with FINRA?

A. Jurisdiction.

(OTR at 101-02)

Q. What is [TC]?

A. Jurisdiction.

Q. What is [FS]?

A. Jurisdiction?

Q. What is the [FTC]?

A. Jurisdiction.

Q. Is that the same entity as [TC] that I referenced to earlier?

A. No.

Q. How is [FTC] related to [STC]?

A. Jurisdiction.

(OTR at 102)

Q. Who is [VU]?

A. Jurisdiction.

Q. Is he a registered representative at Forefront Capital Markets?

A. Jurisdiction. Don't know.

(OTR at 104)

Q. I guess just as I look and interpret this document [Exhibit 61]. I see a trade date of March 3, 2015 and then there's a transaction description for the [BT] called purchase. What's happening on March 3, 2015 for the [MLBT]?

A. I would surmise that that's when someone invested?

Q. So this investment then would be on or around March 3, 2015. You were registered with FINRA. Did you have any involvement with this [BT] investment in FIT?

A. No. I also – the registration that I have with FINRA would have no effect or influence, only if I were to receive commissions or I believe solicit, of which I did neither to let you know.

Q. I understand. Did you introduce the [MLBT] or its trustee, [HN], to FIT?

A. Jurisdiction.

(OTR at 110-11)

Q. Do you see a [JS], looks like custodian for – I guess under child's account in the name of [IS]? Do you see that?

A. I see that.

Q. Then it has a trade date of January 8, 2015. Were you involved with this investment?

A. Jurisdiction.

(OTR at 112)

Q. Did you have any involvement with those investments with [RB] in FIT?

A. Jurisdiction.

Q. We'll skip [HM]. Page three, account number 1007 is [UB]. This looks like [RB's] IRA account with a trade February 9, 2015. What was your involvement, if any, in this investment?

A. Jurisdiction.

(OTR at 112)

Exhibit B

(June 29, 2017 OTR)

Q. What did you do with [NCM's] funds?

A. Not answering. In litigation.

(OTR at 236)

Q. Are you authorized to sign on any [PRNCMRT] custodial accounts?

A. In litigation.

(OTR at 238)

Q. Are you authorized to sign any [PRNCMRT] with custodial accounts?

A. I am not supposed to answer any questions that have to do with any litigations with [NCM]. I have been generous to answer your questions. I now refuse to answer any questions that are currently in litigation.

(OTR at 238)

Q. Were you authorized to sign on the [PR] account while you were registered with FINRA?

A. Refuse to answer because it is in current litigation.

(OTR at 239)

Q. When you were discussing [SB] as an entity, who would have owned it?

A. There was never a [SB]. It was never completed. It was never opened and completed. It was months before, probably five months before we ever even started dialogue with [NC] and the insurance portfolio that was this was going to be set up. It was never set up. And now I'm refusing to answer because there is current litigation. That is a refusal based on attorney advice because there is current litigation.

(OTR at 268-69)

Q. Just so the record is clear. You are not going to answer who would have owned [SB] when it had been formed, correct?

A. I am not answering any questions regarding current litigation.

(OTR at 269)

Q. Who were the people on your team who would have been responsible for identifying investments for [PR]?

A. Whoever has opportunities to discuss.

Q. That is you, correct?

A. I am one of several.

Q. Who are the others?

A. The investment banking team, relationships in the office. We had a number of top business people that were given opportunities. One would look at them and see if they were worthwhile investments to recommend. Some of them were accepted. Some were not. [SF] made the final determinations on the investments and, again, there is current litigation so I cannot answer any more questions regarding that.

(OTR at 269-70)

Q. You separately said business people. I am talking about – it sounded as though were you making a list, related office people. Who were they?

A. I cannot talk because of current litigation.

Q. Who are the business people that you identified?

A. Current litigation.

Q. And then you write – I am sorry, strike that. This letter says, that the same individuals who manage Forefront Capital Markets would manage the investments for [S]. My question is the people who manage Forefront Capital Markets, were they also identifying the investments for [NCM/PR]?

A. Exhibit 68 is a total false fiction in every single aspect and I refuse to answer any questions related to current litigation.

Q. I understand your comment that you did not type it or sign it. I understand your testimony, Mr. Reifler. I am asking whether the people who managed Forefront Capital Markets were the people who were identifying the investment opportunities for [PR] and/or [NC] –

A. You are asking me – pardon for interrupting. You are asking me questions regarding a current litigation of investments that were made or recommended to [PR]. I cannot answer on the grounds that it is current litigation and my attorney has requested that I do not. He told me that I do not need to.

Q. I don't want to get into attorney-client communications but –

A. Okay.

(OTR at 271-72)

Q. What is it about the signature on Exhibit 68 that leads you to conclude it is not yours?

A. I am not discussing. It is current litigation.

(OTR at 272)

Q. Do you think [SF] wrote this letter? Forged your name? Sir, I don't want you to divulge anything that you might have learned from communications from your attorney. If your understanding comes from that –

A. Then I can not answer based on communications with my attorney.

Q. [SF] ever tell you he forged your name?

A. This is attorney-client privilege, one. Two, it involves a current litigation.

Q. Does your attorney represent [SF]?

A. That is in question. Yes. There is an argument and that we both share an attorney that is a conflict. To your answer, to your answer, the answer is yes. We have other attorneys but there is an overlapping attorney.

(OTR at 273-74)

Q. Mr. Reifler, you submitted an affidavit to the Federal Court claiming, among other things, that these documents were in fact forged and are a forgery, et cetera. Why did [DW] not submit anything to state that he was not connected to [SBC]?

A. There is also forgeries involving [D] which I am not going to get into because of current litigation.

(OTR at 275-76)

Q. We looked at the two Investment Advisory Agreements, one of which had [DW's] signature.

A. Alleged signature.

Q. Thank you. Is that what you are referring to, or are there other signatures of [DW's]?

A. I cannot discuss it because of current litigation.

Q. This document, Exhibit 68 dated April 24, 2015. You were registered with FINRA then, correct?

A. Yes. It has nothing to do with a public -- a litigation, ongoing litigation.

Q. The [PRNCM] thing, your involvement with that was business related, correct?

A. Current litigation. My involvement is very much in question in the current litigation.

Q. It is related to your business, yes?

A. I receive no personal money so, therefore, there are no commissions, it is under current litigation in terms of my personal involvement and corporate involvement. So I cannot answer those questions, respectfully.

(OTR at 276-77)

Q. Is that your signature, Mr. Reifler [on Exhibit 69]?

A. No, it is not. There is no entity [FC]. I refuse to answer all questions regarding current litigation.

Q. Do you know [ML], the president and chief executive officer of [NCMLI]?

A. I don't know. It is your show.

Q. For the court reporter's sake, will you answer that question?

A. No. I don't ... I cannot answer questions regarding [NCM]. My involvement with [NCM], who this is, but I will say on the record it is not my signature, there is no [FC]. This is a horrible – I mean, it is laughable how someone could be so sloppy in terms of making up documents.

(OTR at 277-78)

Q. So you know [ML]?

A. I am not answering any questions regarding [NCM].

Q. When did he become president and chief executive officer?

A. No idea.

Q. Do you know him as [M]?

A. I am not answering any questions regarding current litigation.

Q. This letter refers to [TC] notes. Are those the notes, the promissory notes issued, or dated, rather, July 31, 2015?

A. Not answering any questions regarding current litigation. Knowing that I am not going to answer any questions regarding [NCM], [PR], or any related subjects to that, I would kindly request you not repeatedly ask me questions regarding that because it begins to get agitating and I would argue potentially berating.

(OTR at 279)

Q. Mr. Reifler, it is FINRA's understanding that this promissory note is dated July 31, 2015 and was executed on behalf of the borrower by you. You were registered with FINRA on July 31, 2015. Please tell me what the underlying collateral was supporting that promissory note?

A. Refuse to answer on the grounds that it is current litigation. And in the future just so I don't have to say I refuse to answer I am going to say current litigation.

Q. Thank you for the shorthand. I would next like to talk about the promissory note between on the one hand [FTCI IBS-V] and on the other hand [PRNCMRT]. What was the underlying collateral supporting that note?

A. I forget what I said was the new shorthand.

Q. I think it was "current litigation."

A. Current litigation. Thank you.

Q. Other than those two, were there any other promissory notes involving [TC] and [PR]?

A. Current litigation.

(OTR at 281-82)

Q. I am sorry, just to shift back. [NCM] alleged that upon information and belief, the \$495,084.73 dividend to which [NCM] was entitled was paid to an account controlled by the [F] entities, Reifler or [MF]. I read the Answer filed by [PR] and [PR] answered, "upon information and belief admitted." Why does [PR] think that the dividend was paid to an account controlled by the [F] entities, Reifler or [MF]?

A. Current litigation.

Q. Do you know why [PR] thinks that? That is just a yes or no.

A. Current litigation. Not responding.

(OTR at 285)

Q. The Investment Advisory Agreements, was [S] ever given a copy of those?

A. Next question.

Q. Are you going to answer?

A. Next question. You are berating me. Stop it.

Q. Please don't raise your voice, sir.

A. Stop it.

Q. Please don't raise your voice, sir. Why would [S] make a copy of the agreement?

A. Stop it.

Q. Please don't raise your voice.

A. Stop it.

(OTR at 285-86)