

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Christopher Cacace
(CRD No. 4308782),

Respondent.

Disciplinary Proceeding
No. 2020065599103

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From May 2017 through November 2019 (the “Relevant Period”), SW Financial (CRD No. 145012) (“SWF” or the “Firm”) tasked its Chief Compliance Officer (“CCO”), Respondent Christopher Cacace, with supervising SWF’s registered representatives and their trading activity.

2. During the Relevant Period, a former SWF registered representative (RR 1) excessively traded three customers’ accounts, one of which he also churned. In addition to this trading, three other former SWF registered representatives (RR 2, RR 3, and RR 4) (collectively with RR 1, the “SWF RRs”) traded an additional 11 customers’ accounts in a manner that had indicia of excessive and unsuitable trading.

3. During the Relevant Period, the SWF RRs’ trading resulted in high costs that were so egregious it was nearly impossible for customers to profit. The SWF RRs’ trading resulted in high annualized cost-to-equity ratios (ranging from 39.40% to 195.65%) and high annualized

turnover rates (ranging from 7.81 to 65.88).

4. Although Cacace was responsible for supervising the SWF RRs and was aware of numerous red flags related to the SWF RRs' trading of their customer accounts, he failed to reasonably investigate and respond to red flags of churning, excessive trading, and unsuitable trading.

5. Cacace never restricted or limited the trading by the SWF RRs in their customers' accounts or took any other meaningful steps to prevent their trading. Although the SWF RRs had extensive regulatory histories and numerous customer complaints related to unsuitable trading, excessive trading, and/or churning, and were the subject of regulatory disclosures that indicated that they were under financial strain, Cacace failed to reasonably supervise the SWF RRs.

6. Cacace's failure to reasonably supervise enabled RR 1 to continue to excessively trade and churn his customers' accounts, and enabled the remaining SWF RRs to engage in potentially excessive and unsuitable trading, and this trading resulted in extensive customer harm.

7. The SWF RRs' customers incurred losses of \$709,444 while SWF and the SWF RRs obtained \$546,855 in commissions, fees, and costs.

8. As a result of his failure to reasonably supervise the SWF RRs, Cacace violated FINRA Rules 3110 and 2010.

RESPONDENT AND JURISDICTION

9. Cacace first became registered with FINRA as a General Securities Representative (“GS”) and Corporate Securities Representative (“CS”) through his association with a member firm in 2009. Between 2009 and 2016, Cacace was registered through various FINRA member firms. Between May 2017 and December 2019, Cacace was registered with FINRA as a GS, General Securities Principal (“GP”), Operations Professional (“OS”), and Operations Principal (“OP”) through his association with SWF. In 2018, Cacace also became registered as a Compliance Officer (“CR”), Municipal Securities Principal (“MP”), and Municipal Securities Representative (“MR”) through his association with SWF. All of Cacace’s registrations through SWF were terminated as of December 11, 2019.

10. From May 2017 through November 2019, Cacace served as SWF’s CCO.

11. Between March 2018 and May 2018, while he was associated with SWF and serving as the Firm’s CCO, Cacace became dually registered through another FINRA member firm as a GS, GP, and OS.

12. Since terminating his registration with SWF in December 2019, Cacace became registered with FINRA through his association with three other member firms. He is currently registered with FINRA as a GS, GP, MP, MR, OS, CR, and OP through one member firm, and as a GS, GP, MP, MR, OS, CR, OP, CS, and Securities Trader through a second member firm.

13. In January 2017, Cacace entered into a Letter of Acceptance, Waiver, and Consent (“AWC”) with FINRA finding that from March 2011 through August 2013, Cacace failed to ensure that his former employer member firm (“Firm 1”) reported or timely reported statistical and summary information regarding 75 written customer complaints, and that from April 2014 to May 2014, Cacace failed to ensure that Firm 1 reported, or timely reported, statistical and

summary information regarding five written customer complaints sent to Firm 1, in violation of NASD Rule 3010(c) and FINRA Rules 4530(d) and 2010. Additionally, from March 2011 through July 2013, Cacace failed to ensure that Firm 1 timely filed Uniform Application for Securities Industry Registration or Transfer (“Form U4”) amendments or Uniform Termination Notice for Securities Industry Registration (“Form U5”) amendments with respect to three customer complaints and a customer arbitration in violation of Article V, Section 2(c) of FINRA’s By-Laws and FINRA Rules 1122 and 2010. Cacace consented to a 20-business day suspension from association with any FINRA member firm in any principal capacity and a \$5,000 fine.

14. In May 2023, SWF entered into an AWC with FINRA resulting in its expulsion from FINRA membership for, among other violations, (1) acting through two representatives, including RR 1, to churn nine customer accounts between January 2016 and May 2019 in willful violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, and also in violation of FINRA Rules 2020, 2111, and 2010, and (2) failing to establish, maintain, and enforce a supervisory system, including Written Supervisory Procedures (“WSPs”), reasonably designed to achieve compliance with the Exchange Act and FINRA rules relating to excessive trading and churning between January 2016 and November 2019 in violation of FINRA Rules 3110 and 2010.

15. Cacace is subject to FINRA’s jurisdiction because he is currently registered with a FINRA member and the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

A. The Firm's Supervisory Structure

16. During the Relevant Period, Cacace, the Firm's CCO, was responsible for, among other things, supervising registered representatives and retail sales.

17. While serving as the Firm's CCO, Cacace worked in SWF's main office in Melville, New York, and also served as the main office supervisor. At various times during the Relevant Period, the SWF RRs worked out of the Firm's main office in Melville.

18. During the Relevant Period, RR 1 excessively traded three customers' accounts, one of which he also churned, and the remaining SWF RRs engaged in potentially excessive and unsuitable trading in 11 additional customers' accounts, as reflected in Appendix A, and there were numerous red flags indicative of such activity.

B. Cacace's Unreasonable Supervision of the SWF RRs

19. During the Relevant Period, the Firm's WSPs stated that SWF's CCO was responsible for supervision of registered representatives (including each of the four SWF RRs) and supervision of retail sales, as well as responsible for utilizing monthly "Active Account Reports" to "assist in determining the suitability requirements under rule 2111." As a result, Cacace was required to review the suitability of trading in customer accounts.

20. SWF's WSPs identified the three main components of the suitability obligation under FINRA Rule 2111 (reasonable-basis, customer-specific and quantitative). The WSPs also identified factors relevant to the quantitative suitability analysis, including the "turnover rate" and "cost-to-equity ratio." The WSPs also had a section that prohibited "Churning."

21. The Firm provided Cacace with a daily trade blotter, which only reflected the prior day's trading. Cacace received and reviewed the daily trade blotter.

22. The Firm also provided Cacace with monthly Active Account Reports from SWF's clearing firm, which included alerts that flagged active trading in customer accounts.

23. Cacace received and reviewed the monthly Active Account Reports. The Active Account Reports reflected, among other things, the following figures on a monthly basis and on a trailing 12-month basis for customer accounts: commission-to-equity ratios, turnover rates, commissions, number of trades, and losses.

24. The Active Account Reports therefore flagged customer accounts that had indications that unsuitable trading, excessive trading, and/or churning may be occurring in those accounts.

25. Cacace's response to signs of unsuitable trading, excessive trading, and churning was typically limited to sending active trade letters ("Activity Letters") to some of the customers who appeared on the Active Account Report, asking them to sign a written acknowledgment that their account was actively traded.

26. It was Cacace's practice to only contact customers once per quarter through the Activity Letters, even when their accounts were repeatedly flagged on the Active Account Report for indicia of unsuitable trading, excessive trading, and churning.

27. Although the Active Account Reports indicated that RR 1 excessively traded and churned customers' accounts prior to May 2017, and that the other SWF RRs engaged in a pattern of trading that raised red flags of excessive and unsuitable trading prior to May 2017, and this pattern then continued through the Relevant Period, Cacace failed to reasonably respond to this trading after reviewing these reports.

28. For example, Cacace failed to reasonably respond after reviewing nine consecutive Active Account Reports from May 2017 through January 2018, all of which flagged RR 1's

continued excessive trading and churning in Customer 1's account:

- a. The May 2017 Active Account Report showed that Customer 1's account had already triggered alerts on five consecutive Active Account Reports; exhibited an annualized cost-to-equity ratio of 44.95%; exhibited an annualized turnover rate of 30.92; and lost 31% of its equity in the previous four months.
 - b. Cacace closed the May 2017 alert without further action because Customer 1 had been sent an Activity Letter in March 2017.
 - c. In October 2017, RR 1's trading in Customer 1's account again triggered the Active Account Report, which showed that Customer 1's account exhibited an annualized cost-to-equity ratio of 73.37%; exhibited an annualized turnover rate of 27.34; had lost 8% of its equity in the previous four months; and had paid \$72,350 in commissions over the last year. As a result of this trading, Cacace sent Customer 1 an Activity Letter in November 2017.
 - d. The January 2018 Active Account Report showed even higher cost-to equity ratios, turnover rates, and losses: the annualized cost-to-equity ratio in Customer 1's account had increased to 98.11%; the annualized turnover rate had increased to 35.53; the account had lost 49% of its equity in the previous four months; and Customer 1 had paid \$95,062 in commissions over the last year.
 - e. Cacace closed the January 2018 alert without further action because Customer 1 had received and signed the Activity Letter in November 2017, two months earlier.
29. Another example is Cacace's failure to act after reviewing Active Account Reports

that flagged RR 3's trading in Customer 9's account:

- a. The August 2017 Active Account Report showed that Customer 9's account had exhibited an annualized cost-to-equity ratio of 88.64%; exhibited an annualized turnover rate of 48.82; had lost 7% of its equity in the previous four months; and had paid \$51,735 in commissions over the last year. As a result of this trading, Cacace sent Customer 9 an Activity Letter in September 2017.
- b. The October 2017 Active Account Report showed even higher figures in Customer 9's account. The October 2017 report showed that RR 3's trading in the account had triggered alerts on eight consecutive Active Account Reports; that Customer 9's annualized cost-to-equity ratio was at least 99.99%; and that his annualized turnover rate was 60.62.
- c. Cacace closed this alert without further action because Customer 9 received the Activity Letter in September 2017, two months earlier.

30. In other instances, Cacace failed to even send Activity Letters on a quarterly basis, even though customers appeared on the Active Account Reports with indicia of excessive and unsuitable trading. For example:

- a. In November 2017, RR 2's trading in Customer 4's account triggered the Active Account Report, which showed that Customer 4's account had exhibited an annualized cost-to-equity ratio of 12.26% and an annualized turnover rate of 24.84; had placed nine trades from October 2017 through November 2017; and had paid \$4,268 in commissions in its first two months of trading at the Firm. Cacace did not indicate how he resolved the alert and failed to send an Activity Letter to Customer 4.

- b. In January 2018, RR 2's trading in Customer 4's account again triggered the Active Account Report. The January 2018 report showed that Customer 4's account exhibited an annualized cost-to-equity ratio of 39.21% and an annualized turnover rate of 31.95; had executed 24 trades in the previous four months; and had paid \$16,392 in commissions in the previous three months. Although Cacace indicated that his resolution of the alert was to send an Activity Letter to Customer 4, he failed to do so.
- c. Cacace also failed to send Activity Letters to Customer 5 after reviewing numerous Active Account Reports related to RR 2's trading in his account. From November 2017 through April 2018, RR 2's trading in Customer 5's account triggered six Active Account Reports. Cacace, however, did not send an Activity Letter to Customer 5 until June 2018. Cacace failed to send additional Activity Letters to Customer 5, even though Cacace indicated that his resolution of the January 2018 alert was to send an Activity Letter to Customer 5.

31. Moreover, even when Cacace sent Activity Letters to customers, the Activity Letters were often rife with errors. For example:

- a. Cacace sent a letter dated September 18, 2018 to RR 3's customer, Customer 7, that indicated Customer 7 made 23 trades in August 2018 and that his account had an annualized turnover rate of 68 and an annualized cost-to-equity ratio of 14.9%. The figures in the letter to Customer 7 were inaccurate—they represented calculations for only that month (*i.e.*, August 2018) and were not “annualized” as the letter indicated. The Active Account Report for August

2018 shows an annualized cost-to-equity ratio of 99.44%—more than six times greater than the level reflected in the letter.

- b. Cacace sent a letter dated September 18, 2018 to RR 4’s customer, Customer 14, that indicated Customer 14 made 19 trades in August 2018 and that his account had an annualized turnover rate of 180 and an annualized cost-to-equity ratio of 46.7%. This letter, however, reflected monthly and not “annualized” figures. The Active Account Report for August 2018 shows an annualized cost-to-equity ratio of 64.35% (not 46.7%).
- c. Cacace sent a letter dated August 29, 2019 to RR 4’s customer, Customer 10, that indicated Customer 10 made 20 trades in the preceding five months. The letter confusingly stated that the “annualized turnover to equity ratio” was 35 and that the annualized commission to equity ratio was 95%. These figures, however, were three months old, having been derived from the May 2019 Active Account Report, and did not account for ten additional trades Customer 10 made between May 2019 and August 2019.

32. During the Relevant Period, the 14 customers at issue in this Complaint appeared on the Active Account Report a total of 66 times. Cacace never restricted or limited the SWF RRs from frequently trading these accounts or charging these customers commissions. Instead, Cacace only imposed temporary restrictions on certain accounts that were either missing paperwork or failed to timely return an Activity Letter.

33. Cacace’s failure to identify and reasonably respond to the SWF RRs’ trading in the 14 customer accounts at issue in this Complaint was further aggravated by red flags indicating that the SWF RRs were potentially excessively trading and/or churning customers’ accounts.

34. During the Relevant Period, Cacace was or should have been aware that the SWF RRs' had prior regulatory disclosure events, which included customer complaints and disciplinary actions related to unsuitable trading, excessive trading, and/or churning. These regulatory disclosure events also indicated the SWF RRs were under financial strain and at risk for engaging in self-serving activities to generate commissions, including bankruptcy filings, outstanding tax liens, and that they were subject to outstanding unpaid judgments.

C. Cacace's Supervisory Failures Resulted in Customer Harm

35. During the Relevant Period, RR 1 excessively traded three customers' accounts, one of which he also churned, and the remaining SWF RRs engaged in trading in 11 additional customers' accounts, as reflected in Appendix A, where there were numerous red flags indicative of excessive and unsuitable trading.

36. Each of the SWF RRs engaged in in-and-out trading in the 14 customers' accounts.

37. RR 1 was registered as a GS through his association with SWF from December 2015 through June 2019. At the time Cacace joined SWF in May 2017, he was or should have been aware that RR 1 filed for bankruptcy in 2016 and was previously the subject of three customer complaints, one of which included an allegation that RR 1 churned a customer's account. After Cacace was hired, a state regulator required RR 1 be subject to heightened supervision due to his regulatory history. On behalf of SWF, Cacace signed the agreement with the state regulator, which identified him as RR 1's supervisor. Shortly thereafter, in June 2017, RR 1 entered into an AWC with FINRA for making unsuitable recommendations to customers, and returned to SWF after serving a three-month suspension.

38. During the Relevant Period, RR 1 engaged in excessive trading in three customers' accounts (Customers 1, 2, and 3), and churned one of those customer accounts (Customer 1). For

example, RR 1's in-and-out trading is reflected in the chart below for Customer 1. These trades produced an aggregate loss of \$20,581.10 for the customer while RR 1 generated \$11,954.50 in commissions.

<u>Date</u>	<u>Buy/Sell</u>	<u>Security</u>	<u>Quantity</u>	<u>Price</u>
11/13/2017	B	Cirrus Logic Inc.	1,000	\$57.08
11/13/2017	B	Advanced Micro Devices	5,000	\$11.37
11/15/2017	S	Cirrus Logic Inc.	1,000	\$53.91
11/15/2017	S	Advanced Micro Devices	5,000	\$10.86
11/15/2017	B	Level Brands Inc.	2,500	\$6.00
11/16/2017	B	Mulesoft Inc.	2,500	\$22.52
11/17/2017	S	Level Brands Inc.	2,500	\$5.75
11/17/2017	B	Cirrus Logic Inc.	1,250	\$56.72
11/22/2017	S	Mulesoft Inc.	2,500	\$23.47
11/22/2017	B	FAT Brands Inc.	5,000	\$10.35
11/28/2017	S	Cirrus Logic Inc.	1,250	\$54.62
11/28/2017	B	Momo Inc.	2,750	\$26.62
11/30/2017	S	FAT Brands Inc.	5,000	\$9.45
11/30/2017	B	Square Inc.	900	\$41.44
12/06/2017	S	Square Inc.	900	\$39.19
12/11/2017	S	Momo Inc.	2,750	\$24.22

39. In May 2021, a FINRA Extended Hearing Panel issued a decision finding that, among other things, RR 1 excessively traded and churned five customers' accounts (including the accounts of Customers 1, 2, and 3, whose accounts at SWF also are at issue in this Complaint).

40. RR 2 was registered with FINRA as a GS through an association with SWF from September 2017 through June 2022 and from September 2022 through February 2023. At the time RR 2 joined SWF in September 2017, Cacace reviewed RR 2's regulatory history and prior disclosure events, including RR 2's outstanding tax lien of \$46,890 and a complaint that included an allegation that RR 2 churned a customer's account. In May 2018, Cacace, on behalf of SWF,

filed a Form U4 amendment for RR 2 that disclosed a customer arbitration that included an allegation that RR 2 churned a different customer's account. In February 2019, Cacace, on behalf of SWF, filed another Form U4 amendment for RR 2 that reported two tax liens totaling more than \$21,000.

41. In August 2021, RR 2 entered into an AWC for violating FINRA Rules 2111 and 2010 for excessively trading four customers' accounts (including Customers 4, 5, and 6, whose accounts at SWF are also at issue in this Complaint).

42. RR 3 was registered with FINRA as a GS through an association with SWF from September 2016 through December 2019. At the time Cacace joined SWF, he was or should have been aware that RR 3 was previously the subject of eight customer complaints that included, among other things, allegations that RR 3 churned customers' accounts, as well as five regulatory actions initiated by FINRA and/or state regulators, including a FINRA AWC in 2010 for excessively trading a customer's account. In July 2017, Cacace, on behalf of SWF, filed a Form U4 amendment for RR 3, which disclosed a customer arbitration that included an allegation that RR 3 excessively traded a customer's account. In March 2019, Cacace, on behalf of SWF, filed another Form U4 amendment for RR 3, which disclosed that a customer (Customer 9, whose account at SWF is at issue in this Complaint) initiated a FINRA arbitration that included an allegation that RR 3 churned his SWF account.

43. In August 2022, RR 3 entered into an AWC for violating FINRA Rules 2111 and 2010 for excessively trading three customers' accounts (including Customers 8 and 9, whose accounts at SWF also are at issue in this Complaint).

44. RR 4 was registered as a GS through his association with SWF from May 2018 through December 2019. At the time RR 4 joined SWF in May 2018, Cacace reviewed RR 4's

regulatory history, including that he was the subject of a FINRA AWC in 2016 for exercising discretion without written authorization in a customer's account and three outstanding judgments in the total amount of \$31,822. Later in May 2018, Cacace filed a Form U4 amendment for RR 4, which disclosed a customer arbitration that included an allegation that RR 4 excessively traded a customer's account.

45. In October 2022, RR 4 entered into an AWC with FINRA for violating FINRA Rules 2111 and 2101 for excessively trading three customers' accounts (including Customers 10 and 11, whose accounts at SWF also are at issue in this Complaint).

46. As summarized in the following table and as reflected on the attached Appendix A, the SWF RRs' trading in the 14 customer accounts exhibited cost-to-equity ratios ranging from 39.40% to 195.65% and turnover rates ranging from 7.81 to 65.88. These cost-to-equity ratios and turnover rates exceeded the annualized cost-to-equity ratio of 20 percent or more, or an annualized turnover rate of six or more that generally indicate that excessive trading has occurred.

Broker	Customer Accounts	Turnover Ranges ¹	Cost to Equity Ranges	Total Realized Losses	Total Comm's Paid	Total Trade Costs ²
RR 1	3	7.81 to 34.40	39.40% to 117.63%	(\$51,732.58)	\$85,575.45	\$93,553.77
RR 2	3	13.61 to 16.72	65.69% to 73.03%	(\$247,860.26)	\$112,286.92	\$129,057.06
RR 3	3	33.29 to 65.88	76.49% to 195.65%	(\$271,911.27)	\$229,815.20	\$250,589.25
RR 4	5	12.93 to 36.78	42.61% to 135.11%	(\$137,940.71)	\$61,900.20	\$73,655.49

¹ The turnover rates and cost-to-equity ratios for customers with one year or more of trading activity are annualized.

² Total costs include commissions, postage (ticket charges), and SEC fees.

Totals	14			(\$709,444.82)	\$489,577.77	\$546,855.57
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47. Cacace’s failure to reasonably respond to the red flags of excessive and unsuitable trading in these customers’ accounts’ permitted RR 1 to continue to excessively trade and churn his customers’ accounts, and permitted the remaining SWF RRs to trade their customers’ accounts in a manner that had indicia of excessive and unsuitable trading.

48. The SWF RRs’ trading activity caused the customers to experience significant losses of \$709,444, while incurring \$546,855 in trading costs, including commissions and fees.

CAUSE OF ACTION
Failure to Supervise
Violations of FINRA Rules 3110 and 2010

49. The Department of Enforcement realleges and incorporates by reference all previous paragraphs.

50. FINRA Rule 3110(a) requires that member firms “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.”

51. Rule 3110 also requires that a firm’s designated supervisors exercise reasonable supervision.

52. The duty of supervision under FINRA Rule 3110 includes the responsibility to investigate “red flags” that suggest misconduct may be occurring and to act upon the results of such investigation.

53. A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

54. There were multiple red flags suggesting that the SWF RRs were excessively trading, churning, and/or generally making unsuitable recommendations to the customers at issue in the Complaint. For example:

- a. The accounts exhibited a high frequency of trades;
- b. There was in-and-out trading in multiple accounts;
- c. Cost-to-equity ratios were often greater than 20%;
- d. Turnover rates were often greater than six;
- e. The customers' accounts appeared on the Active Account Report numerous times;
- f. Customer accounts frequently exhibited large losses; and
- g. The SWF RRs had numerous customer complaints and disciplinary actions related to unsuitable trading and excessive trading, and were the subject of regulatory disclosures that indicated that they were under financial strain.

55. Cacace was assigned responsibility for supervising the SWF RRs under the Firm's procedures. Cacace was responsible for investigating any red flags related to how the SWF RRs were handling, or trading in, their retail customer accounts. Cacace, however, did not reasonably identify and/or investigate numerous red flags, and failed to take any reasonable action to address the SWF RRs' trading and to achieve compliance with applicable laws, regulations, and rules.

56. Cacace also failed to reasonably supervise RR 1's churning in Customer 1's account, and as a result, failed to reasonably supervise RR 1's willful violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

57. By failing to reasonably supervise the SWF RRs, Cacace violated FINRA Rules 3110 and 2010.

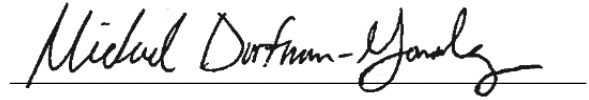
RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent failed to reasonably supervise one SWF RR (RR 1) who willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 15, 2024

A handwritten signature in black ink, reading "Michael Dorfman-Gonzalez", is positioned above a horizontal line.

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Appendix A

APPENDIX A

CUSTOMER ACCOUNT ANALYSIS: 5/1/2017 - 11/30/2019

	Customer	Broker	Time Period (Mos.)	Ann'd Turn-over Rate	Ann'd Cost to Equity	Realized Profit/Loss	Commissions Paid	Total Costs (Excluding Margin Interest) ¹
1.	<i>Customer 1</i>	RR 1	15	34.40	117.63%	(\$65,837.43)	\$69,823.45	\$75,608.43
2.	<i>Customer 2</i>	RR 1	15	7.81	39.92%	\$12,573.06	\$5,907.00	\$6,973.23
3.	<i>Customer 3</i>	RR 1	15	8.38	39.40%	\$1,531.79	\$9,845.00	\$10,972.11
4.	<i>Customer 4</i>	RR 2	26	15.30	65.69%	(\$96,672.90)	\$22,925.15	\$27,404.89
5.	<i>Customer 5</i>	RR 2	26	16.72	73.03%	(\$113,783.15)	\$51,780.77	\$59,565.95
6.	<i>Customer 6</i>	RR 2	17	13.61	66.74%	(\$37,404.21)	\$37,581.00	\$42,086.22
7.	<i>Customer 7</i>	RR 3	26	33.29	76.49%	(\$167,478.15)	\$110,891.49	\$120,473.73
8.	<i>Customer 8²</i>	RR 3	10	46.27	170.92%	(\$26,466.74)	\$30,883.84	\$34,209.45
9.	<i>Customer 9</i>	RR 3	18	65.88	195.65%	(\$77,966.38)	\$88,039.87	\$95,906.07
10.a.	<i>Customer 10</i>	RR 4	15	19.28	55.19%	\$342.94	\$5,077.00	\$7,343.70
10.b.	<i>Customer 10 and Customer 11</i>	RR 4	14	30.40	135.11%	(\$19,124.81)	\$12,604.00	\$15,464.41
11.	<i>Customer 12</i>	RR 4	19	12.93	42.61%	(\$53,074.18)	\$10,456.20	\$12,571.83
12.	<i>Customer 13³</i>	RR 4	9	14.73	55.64%	(\$23,451.89)	\$18,408.00	\$20,967.02

¹ The calculations for total costs include commissions, postage (ticket charges), and SEC fees.

² The analysis of the turnover rate and the cost-to-equity ratio for Customer 8's account did not use annualized calculations because the account was only active for ten months.

³ The analysis of the turnover rate and the cost-to-equity ratio for Customer 13's account did not use annualized calculations because the account was only active for nine months.

	Customer	Broker	Time Period (Mos.)	Ann'd Turn-over Rate	Ann'd Cost to Equity	Realized Profit/Loss	Commissions Paid	Total Costs (Excluding Margin Interest) ¹
13.	<i>Customer 14⁴</i>	RR 4	8	36.78	127.50%	(\$42,632.77)	\$15,355.00	\$17,308.53
	<i>AVERAGE</i>			25.41	90.11%			
	<i>TOTAL</i>					(\$709,444.82)	\$489,577.77	\$546,855.57

⁴ The analysis of the turnover rate and the cost-to-equity ratio for Customer 14's account did not use annualized calculations because the account was only active for eight months.