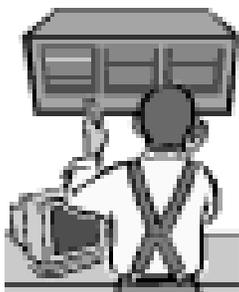

New York State Attorney General's INVESTOR BULLETIN

HOW TO CHECK OUT YOUR STOCKBROKER OR BROKERAGE FIRM

Where or to whom do you turn if you want to check up on your present or future stockbroker? If you are about to entrust some of your funds with an individual or securities firm, it is worth your while to do a background check. It may save you both money and future aggravation.



- Securities examination scores
- Licensing or registration status
- Disciplinary history

Information Available

As an investor, you can request a public report of background information on any stockbroker or brokerage firm. Depending on the state jurisdiction, this report can be obtained either free of charge or for a nominal fee. In addition to employment and examination history, the CRD report will contain the following types of disciplinary history, if applicable:



- Final disciplinary actions (relating to securities or commodities businesses) that have been taken by federal, state, and foreign securities regulators as well as self-regulatory organizations such as the Financial Industry Regulatory Authority, Inc. (“FINRA”).
- Civil judgments and arbitration decisions in securities and commodities disputes involving public customers.
- Criminal convictions or indictments against registered or licensed brokerage firms and their associated persons.
- Settlements of \$10,000 or more among the parties to arbitrations, civil suits, and customer complaints involving securities or commodities transactions.

Central Registration Depository System

The Central Registration Depository system (“CRD”) is a source that you can turn to for this kind of information. The CRD is a computerized database that holds licensing and registration information on over 600,000 stockbrokers (also called registered representatives) and over 6,000 brokerage firms throughout the country. Every state securities regulator can access the CRD database.

In most cases, a stockbroker or any other person who wants to sell securities (for example, stocks, bonds, mutual funds, etc.) must be licensed or registered to do so. Also, some states may require insurance agents who sell variable annuities or variable life policies to be licensed. Therefore, these individuals’ records will be maintained on the CRD.

The CRD will tell you about your stockbroker’s past, including:

- Employment history for the past 10 years

- Employment terminations after allegations were made involving violations of investment-related statutes or rules, fraud, theft, or failure to supervise investment-related activities.
- Bankruptcies filed within the last 10 years and outstanding liens and judgments.
- Pending disciplinary actions taken by industry regulators that relate to securities or commodities business.
- Pending arbitrations and civil proceedings involving securities or commodities transactions.
- Pending written complaints alleging sales practice violations and compensatory damages of \$5,000 or more.

How to Request a CRD Report

In order to obtain a CRD report, simply call your local state securities



regulator. As a matter of practice, stockbrokers and brokerage firms are not advised of your request. If you need to find out how to contact your state securities regulator, you can call the North American Securities Administrators Association at (202) 737-0900. Also, you can access their Internet website at www.nasaa.org and click on “Find Regulator.”

You can also contact the Financial Industry Regulatory Authority, Inc. (“FINRA”) at (800) 289-9999 or visit its Internet web site at www.finra.org. However, FINRA does not report certain types of information that may be available through your state securities regulator.

This information is easy to obtain and the securities regulators want you to make informed decisions prior to investing your hard-earned dollars. A vast majority of the stockbrokers and brokerage firms are honest and reputable. However, like many professions, there are those individuals and firms who are not. One phone call may save you from sending your money to a bad broker or disreputable brokerage firm.