

BrokerCheck Report

JOSEPH THOMAS PAPPALARDO

CRD# 2088747

Report #36071-74995, data current as of Wednesday, November 12, 2014.

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About BrokerCheck®

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

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

BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

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

The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

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

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

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

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

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



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

Thank you for using FINRA BrokerCheck.

JOSEPH T. PAPPALARDO

CRD# 2088747

This broker is not currently registered.

Report Summary for this Broker

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

Broker Qualifications

This broker is not currently registered.

This broker has passed:

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

Registration History

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

FINANCIAL NETWORK INVESTMENT CORPORATION

CRD# 13572
ROSEVILLE, CA
08/2008 - 09/2012

PENSION PLANNERS SECURITIES, INC.

CRD# 14068
SACRAMENTO, CA
10/2003 - 08/2008

SECURITIES AMERICA, INC.

CRD# 10205
LAVISTA, NE
08/2000 - 10/2003

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Customer Dispute	2
Termination	1

Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at

<http://www.adviserinfo.sec.gov>

Broker Qualifications



Registrations

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

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

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

This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
Investment Company Products/Variable Contracts Representative Examination	Series 6	08/31/1993

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	09/17/1993
Uniform Investment Adviser Law Examination	Series 65	03/25/2010

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



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
08/2008 - 09/2012	FINANCIAL NETWORK INVESTMENT CORPORATION	13572	ROSEVILLE, CA
10/2003 - 08/2008	PENSION PLANNERS SECURITIES, INC.	14068	SACRAMENTO, CA
08/2000 - 10/2003	SECURITIES AMERICA, INC.	10205	LAVISTA, NE
04/1994 - 08/1998	ROYAL ALLIANCE ASSOCIATES, INC.	23131	NEW YORK, NY
09/1993 - 04/1994	TRANSAMERICA FINANCIAL RESOURCES, INC.	3600	LOS ANGELES, CA

Employment History

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

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

Employment Dates	Employer Name	Employer Location
11/1987 - Present	AMERICAN PROVIDERS INSURANCE SERVICES INC	CARMICHAEL, CA
08/2008 - 08/2012	FINANCIAL NETWORK INVESTMENT CORPORATION	EL SEGUNDO, CA
10/2003 - 08/2008	PENSION PLANNERS SECURITIES	SACRAMENTO, CA

Other Business Activities

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

AMERICAN PROVIDERS INSURANCE SERVICES INC,
TRUST SET UP AND ADMINISTRATION
40 HRS PER WEEK NEW TRUSTS FEE \$250, ADMINISTRATION FEES \$130 - 800; SELL FIXED AND INDEX ANNUITIES



Disclosure Events

What you should know about reported disclosure events:

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

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

	Pending	Final	On Appeal
Regulatory Event	0	1	0



Customer Dispute	0	2	N/A
Termination	N/A	1	N/A



Disclosure Event Details

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

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

Regulatory - Final

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

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	FINRA
Sanction(s) Sought:	Other: N/A
Date Initiated:	09/26/2014
Docket/Case Number:	2012034045401
Employing firm when activity occurred which led to the regulatory action:	FINANCIAL NETWORK INVESTMENT CORPORATION
Product Type:	Other: UNSPECIFIED SECURITIES
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, PAPPALARDO CONSENTED TO THE SANCTION AND TO THE ENTRY OF FINDINGS THAT HE MADE FRAUDULENT AND MISLEADING MISREPRESENTATIONS TO A CUSTOMER IN THE SALE OF PRIVATE SECURITIES IN VIOLATION OF SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10B-5 THEREUNDER. THE FINDINGS STATED THAT PAPPALARDO INTENTIONALLY MADE MATERIAL MISREPRESENTATIONS AND OMISSIONS TO THE CUSTOMER IN ORDER TO CONVINCE THE CUSTOMER TO INVEST \$100,000 IN A FICTITIOUS COMPANY. PAPPALARDO CONVERTED THE CUSTOMER'S FUNDS TO HIS OWN USES. PAPPALARDO FAILED TO GIVE PRIOR WRITTEN NOTICE TO, OR OBTAIN PRIOR WRITTEN APPROVAL



FROM, HIS MEMBER FIRM TO ENGAGE IN THESE TRANSACTIONS. THE FINDINGS ALSO STATED THAT PAPPALARDO SOLICITED AND SOLD INVESTMENTS IN A REAL ESTATE COMPANY. PAPPALARDO FAILED TO GIVE PRIOR WRITTEN NOTICE TO, OR OBTAIN PRIOR WRITTEN APPROVAL FROM, HIS FIRM TO ENGAGE IN THESE TRANSACTIONS. THE FINDINGS ALSO INCLUDED THAT PAPPALARDO REPEATEDLY FAILED TO DISCLOSE FIVE OTHER OUTSIDE BUSINESS ACTIVITIES TO HIS FIRM. PAPPALARDO FALSELY DESCRIBED HIS PARTICIPATION IN OUTSIDE BUSINESS ACTIVITIES AND PRIVATE SECURITIES TRANSACTIONS ON HIS FIRM'S ANNUAL COMPLIANCE QUESTIONNAIRES AND FALSELY STATED ON A PRE-REGISTRATION QUESTIONNAIRE THAT HIS REAL ESTATE COMPANY WAS NO LONGER IN BUSINESS. FINRA FOUND THAT PAPPALARDO WILLFULLY FAILED TO AMEND HIS FORM U4 TO DISCLOSE HIS OUTSIDE BUSINESS ACTIVITIES.

Current Status:	Final
Resolution:	Acceptance, Waiver & Consent(AWC)
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	09/26/2014
Sanctions Ordered:	Bar (Permanent) Other: PAPPALARDO ALSO UNDERSTANDS THAT THIS SETTLEMENT INCLUDES A FINDING THAT HE WILLFULLY VIOLATED RULE 10B-5 OF THE SECURITIES EXCHANGE ACT OF 1934, AND THAT UNDER ARTICLE III, SECTION 4 OF FINRA'S BY-LAWS, THIS MAKES HIM SUBJECT TO A STATUTORY DISQUALIFICATION WITH RESPECT TO ASSOCIATION WITH A MEMBER.
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	Yes



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

Yes

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



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

Sanction 1 of 1

Sanction Type:	Bar (Permanent)
Capacities Affected:	ALL CAPACITIES
Duration:	
Start Date:	09/26/2014
End Date:	



Customer Dispute - Settled

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

Disclosure 1 of 1

Reporting Source:	Firm
Employing firm when activities occurred which led to the complaint:	FINANCIAL NETWORK INVESTMENT CORPORATION
Allegations:	CLAIMANT ALLEGES REPRESENTATIVE ACQUIRED AND MANAGED REAL ESTATE PROPERTIES, THAT SUCH TRANSACTION CONSTITUTES A SECURITY. CLAIMANT FURTHER STATES THAT REPRESENTATIVE FAILED TO MEET THE TERMS AND CONDITIONS OF THE CONTRACT, AND MISREPRESENTED THE VALUE OF THE PROPERTIES, COMMISSIONS AND PROFITS.
Product Type:	Real Estate Security
Alleged Damages:	\$175,000.00
Alleged Damages Amount Explanation (if amount not exact):	EXACT AMOUNT NOT SPECIFIED; AMOUNT OF INVESTMENT HAS BEEN PROVIDED; CLAIMANT IS REQUESTING RESCISSION, REPAYMENT OF FEES AND COMMISSIONS, ATTORNEY'S FEES, DAMAGES, PUNITIVE DAMAGES AND OTHER RELIEF DEEMED JUST AND PROPER.

Civil Litigation Information

Type of Court:	State Court
Name of Court:	SUPERIOR COURT OF THE STATE OF CALIFORNIA
Location of Court:	COUNTY OF SAN MATEO, CA
Docket/Case #:	CIV 498233
Date Notice/Process Served:	10/05/2010
Litigation Pending?	No
Disposition:	Settled
Disposition Date:	09/24/2012
Monetary Compensation Amount:	\$120,000.00
Individual Contribution Amount:	\$5,000.00



Firm Statement REPRESENTATIVE ALSO REQUIRED TO PROVIDE QUITCLAIM DEED TO CLAIMANT FOR REAL PROPERTY OUTLINED IN SETTLEMENT. REPRESENTATIVE MUST ALSO PAY FILING FEES, ETC., WITH THE TRANSFER. VALUE UNKNOWN.

Reporting Source: Broker
Employing firm when activities occurred which led to the complaint: FINANCIAL NETWORK INVESTMENT CORPORATION

Allegations: CLAIMANT ALLEGES REPRESENTATIVE ACQUIRED AND MANAGED REAL ESTATE PROPERTIES, THAT SUCH TRANSACTION CONSTITUTES A SECURITY. CLAIMANT FURTHER STATES THAT REPRESENTATIVE FAILED TO MEET THE TERMS AND CONDITIONS OF THE CONTRACT, AND MISREPRESENTED THE VALUE OF THE PROPERTIES, COMMISSIONS AND PROFITS.

Product Type: Real Estate Security

Alleged Damages: \$175,000.00

Alleged Damages Amount Explanation (if amount not exact): EXACT AMOUNT NOT SPECIFIED; AMOUNT OF INVESTMENT HAS BEEN PROVIDED; CLAIMANT REQUESTING RESCISSION, REPAYMENT OF FEES AND COMMISSIONS, ATTORNEYS FEES, DAMAGES, PUNITIVE DAMAGES AND OTHER RELIEF DEEMED JUST AND PROPER.

Civil Litigation Information

Type of Court: State Court
Name of Court: SUPERIOR COURT OF THE STATE OF CALIFORNIA
Location of Court: COUNTY OF SAN MATEO, CA
Docket/Case #: CIV 498233
Date Notice/Process Served: 10/05/2010
Litigation Pending? Yes



Customer Dispute - Closed-No Action/Withdrawn/Dismissed/Denied

This type of disclosure event involves (1) a consumer-initiated, investment-related arbitration or civil suit containing allegations of sales practice violations against the individual broker that was dismissed, withdrawn, or denied; or (2) a consumer-initiated, investment-related written complaint containing allegations that the broker engaged in sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities, which was closed without action, withdrawn, or denied.

Disclosure 1 of 1

Reporting Source: Firm

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

Allegations: CLIENT IS UNHAPPY WITH THE PERFORMANCE OF THE AMERICAN ENTERPRISE LIFE VA PURCHASED IN AUGUST 2000.

Product Type: Annuity(ies) - Variable

Alleged Damages: \$62,500.00

Customer Complaint Information

Date Complaint Received: 08/25/2005

Complaint Pending? No

Status: Denied

Status Date: 09/09/2005

Settlement Amount: \$0.00

Individual Contribution Amount: \$0.00

Firm Statement COMPLAINT WAS FILED TO THE STATE OF CALIFORNIA BY CUSTOMERS [CUSTOMER] AND [CUSTOMER]. THE STATE SENT THEIR LETTER OF INQUIRY TO THE PRODUCT SPONSOR WHO IN TURN REQUESTED ASSISTANCE FROM SAI AND FORMER REP JOE PAPPALARDO. SAI WAS UNAWARE THAT RIVERSOURCE SENT A DENIAL LETTER TO CLIENT ON 09/09/2005.

Reporting Source: Broker

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



Allegations: COMPLAINT LETTER DATE: 10-29-02 - REPRESENTATIVE NEVER REC. COMPLAINT LETTER UNTIL 9-6-05. COMPLAINT LETTER CAME FROM AMERICAN ENTERPRISE FINANCIAL. CLIENT CLAIMS THAT REP WOULD INVEST THEIR MONEY WISELY. CLIENT HAD 3 ANNUITIES, ONE WAS A V.A. WITH SUNLIFE THAT HE TRANSFERRED \$125,000 FROM SUNLIFE TO ENTERPRISE LIFE. CLIENT CLAIMS THEY WOULD HAVE ENOUGH PROFIT TO BUY A NEW TRUCK, THEY ALSO CLAIMED THAT THEY DID NOT RECEIVE COPIES OF DOCUMENTS THEY HAD SIGNED. AND LASTLY, THEY CLAIM THEY DID NOT CONVERSE OR MEET WITH REP ENOUGH TIMES.

Product Type: Annuity(ies) - Variable

Alleged Damages: \$0.00

Customer Complaint Information

Date Complaint Received: 09/06/2005

Complaint Pending? No

Status: Closed/No Action

Status Date: 09/09/2005

Settlement Amount: \$0.00

Individual Contribution Amount: \$0.00

Broker Statement FUNDS FROM ONE V.A. REPLACED IN A NEW V.A. CONTRACT WITH INVESTMENT SELECTIONS FOR LONG TERM GROWTH. CLIENT AT TIME OF INVESTMENT NEEDED NO ADDITIONAL INCOME. ACCT. VALUE WAS \$125,000 ORIGINALLY AND CLIENT ON THEIR OWN EXCHANGED TO FIXED ACCOUNT SOMEWHERE IN THE \$60,000 RANGE. IF LEFT INVESTED FOR LONG TERM TODAY WOULD BE WORTH BETWEEN \$80,000 AND \$90,000. COPIES OF DOCUMENTS WERE MAILED TO CLIENT. ON 12-16-02 CLIENT CALLED AND ASKED TO HAVE THEIR BINDER TO BE REPLACED SINCE THEY HAD LOST IT. THE MISSED PLACE DOCUMENTS WERE MAILED ON 12-16-02. ON 12-3-02 THE [CUSTOMERS] SPOKE WITH [THIRD PARTY] OF AMERICAN PROVIDERS, [THIRD PARTY] ASKED HOW THEY WERE DOING INCOME WISE AND [CUSTOMER] REPLIED; THEY WERE DOING FINE. [THIRD PARTY] COMMENTED THAT SHE WAS VERY NICE AND UNDERSTOOD THAT HER INVESTMENTS FLUCTUATED IN VALUE AND SHE AGREED THAT STAYING LONG TERM WOULD BE WISE. ON 12-13-02, REP MET WITH THEM TO GO OVER THEIR ACCT AND THEY NEVER MENTIONED THE COMPLAINT LETTER. IT SEEMS UNUSUAL THAT A COMPLAINT LETTER WRITTEN ON 10-29-02 WOULD JUST BE RECEIVED ON 9-6-05 ALMOST 3 YEARS LATER!



Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

Disclosure 1 of 1

Reporting Source:	Firm
Employer Name:	FINANCIAL NETWORK INVESTMENT CORPORATION
Termination Type:	Discharged
Termination Date:	08/15/2012
Allegations:	MR. PAPPALARDO WAS TERMINATED FOR VIOLATION OF FIRM POLICY REGARDING PRIVATE SECURITIES TRANSACTIONS AND BORROWING FROM FIRM OR NON-FIRM CLIENTS, BOTH WITHOUT PRIOR APPROVAL OF THE FIRM.
Product Type:	Other: PRIVATE PLACEMENT

End of Report



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