



Investment Adviser Representative Public Disclosure Report

HOWARD BRIAN PRESENT

CRD# 5507617

Report #67237-89719, data current as of Monday, January 12, 2015.

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IAPD Information about Investment Adviser Representatives

IAPD offers information on all current-and many former-Investment Adviser Representatives. Investors are strongly encouraged to use IAPD to check the background of Investment Adviser Representatives before deciding to conduct, or continue to conduct, business with them.

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

IAPD reports for individual Investment Adviser Representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD 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 Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

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

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD®, (see more on CRD below) and is a combination of:

- information the states require Investment Adviser Representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against Investment Adviser Representatives.

- **How current is this information?**

Generally, Investment Adviser Representatives are required to update their professional and disciplinary information in IARD within 30 days.

- **Need help interpreting this report?**

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>.

- **What if I want to check the background of an Individual Broker or Brokerage firm?**

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

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

It is recommended that you learn as much as possible about an individual Investment Adviser Representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>.



Investment Adviser Representative Report Summary

HOWARD BRIAN PRESENT (CRD# 5507617)

The report summary provides an overview of the Investment Adviser Representative's professional background and conduct. The information contained in this report has been provided by the Investment Adviser Representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the Investment Adviser Representative, a previous employing firm, or a securities regulator on **01/07/2015**.

CURRENT EMPLOYERS

F-SQUARED INVESTMENTS, INC

IARD# 146673

80 WILLIAM STREET

SUITE 400

WELLESLEY, MA 02481

Registered with this firm since: 09/05/2008

QUALIFICATIONS

This Investment Adviser Representative is currently registered in **2** jurisdiction(s).

Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration.

Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This Investment Adviser Representative was previously registered with the following Investment Adviser firms:

No information reported.

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this Investment Adviser Representative? **Yes**

The following types of events are disclosed about this Investment Adviser Representative:

Type	Count
Civil Event	1



Investment Adviser Representative Qualifications

REGISTRATIONS

This section provides the states and U.S. territories in which the Investment Adviser Representative is currently registered and licensed, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the Investment Adviser Representative is currently employed, the address of each location where the Investment Adviser Representative works.

This individual is currently registered with **2** jurisdiction(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **F-SQUARED INVESTMENTS, INC**

Main Address: 80 WILLIAM STREET
SUITE 400
WELLESLEY, MA 02481

Firm IARD#: 146673

U.S. State/ Territory	Status	Date
Massachusetts	Approved	09/08/2008
Texas	Approved	09/05/2008

Branch Office Locations

This individual does not have any registered Branch Office where the individual is located.



Investment Adviser Representative Qualifications

PASSED INDUSTRY EXAMS

This section includes all required state securities exams that the Investment Adviser Representative has passed. Under limited circumstances, an Investment Adviser Representative may attain registration after receiving an exam waiver based on a combination of exams the Investment Adviser Representative has passed and qualifying work experience. Likewise, a new exam requirement may be grandfathered based on an Investment Adviser Representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

This individual has passed the following exams:

Exam	Category	Date
Uniform Investment Adviser Law Examination (S65)	Series 65	08/21/2008

PROFESSIONAL DESIGNATIONS

This section details that the Investment Adviser Representative has reported **0** professional designation(s).

No information reported.



Investment Adviser Representative Registration and Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING INVESTMENT ADVISER FIRMS

This section indicates that state registration records show this Investment Adviser Representative previously held registrations with the following firms:

No information reported.

EMPLOYMENT HISTORY

Below is the Investment Adviser Representative's employment history for up to the last 10 years.

Please note that the Investment Adviser Representative is required to provide this information only while registered and the information is not updated after the Investment Adviser Representative ceases to be registered, with a state regulator. Therefore, an employment end date of "Present" may not reflect the Investment Adviser Representative's current employment status.

Employment Dates	Employer Name	Employer Location
05/2006 - Present	F-SQUARED INVESTMENTS, INC.	WELLESLEY, MA
12/2004 - 05/2006	HELICON PARTNERS, LLC	WELLESLEY, MA

OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the Investment Adviser Representative regarding other business activities the Investment Adviser Representative 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.

No information reported.



Investment Adviser Representative Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, 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 IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure 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 represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this Investment Adviser Representative:

Type	Count
Civil Event	1

Civil Event

This disclosure event involves an injunction issued by a foreign or domestic court in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute or regulation, or an action dismissed by a domestic or foreign court pursuant to a settlement agreement.

Disclosure 1 of 1

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction
Date Court Action Filed:	12/22/2014
Product Type:	Other: EXCHANGE-TRADED FUNDS (ETFs),
Type of Court:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS
Location of Court:	BOSTON, MASSACHUSETTS
Docket/Case #:	14-CV-14692
Employing firm when activity occurred which led to the action:	F-SQUARED INVESTMENTS
Allegations:	SEC LITIGATION RELEASE 23166 / DECEMBER 22, 2014: THE SECURITIES AND EXCHANGE COMMISSION ("SEC") ANNOUNCED THAT IT CHARGED HOWARD PRESENT, A FORMER CEO, WITH MAKING FALSE AND MISLEADING STATEMENTS TO INVESTORS AS THE PUBLIC FACE OF AN INVESTMENT MANAGEMENT FIRM. THE SEC'S COMPLAINT AGAINST PRESENT ALLEGES THAT HE VIOLATED SECTIONS 206(1), 206(2), 206(4), AND 207 OF THE INVESTMENT ADVISERS ACT OF 1940 AND RULE 206(4)-8. THE FIRM BEGAN RECEIVING SIGNALS FROM A THIRD-PARTY DATA PROVIDER IN SEPTEMBER 2008 INDICATING WHEN TO BUY OR SELL AN INVESTMENT. THE SIGNALS WERE BASED ON AN ALGORITHM, AND THE FIRM AND PRESENT USED THE SIGNALS TO CREATE A MODEL PORTFOLIO OF SECTOR ETFs THAT COULD BE REBALANCED PERIODICALLY AS THE SIGNALS CHANGED, CALLED "ALPHASECTOR" AND LAUNCHED THE FIRST INDEX A MONTH LATER. THE SEC ALLEGES THAT WHILE MARKETING ALPHASECTOR INTO THE LARGEST ACTIVE ETF STRATEGY IN THE



MARKET, THE FIRM FALSELY ADVERTISED A SUCCESSFUL SEVEN-YEAR TRACK RECORD FOR THE INVESTMENT STRATEGY BASED ON THE ACTUAL PERFORMANCE OF REAL INVESTMENTS FOR REAL CLIENTS. THE DATA USED IN THE FIRM'S ADVERTISING WAS ACTUALLY DERIVED THROUGH BACKTESTING, WHICH IS THE APPLICATION OF A QUANTITATIVE MODEL TO HISTORICAL MARKET DATA TO GENERATE A HYPOTHETICAL PERFORMANCE DURING A PRIOR PERIOD. PRESENT SPECIFICALLY ADVERTISED THE INVESTMENT STRATEGY AS "NOT BACKTESTED." FURTHERMORE, THE HYPOTHETICAL DATA CONTAINED A SUBSTANTIAL PERFORMANCE CALCULATION ERROR THAT INFLATED THE RESULTS BY APPROXIMATELY 350 PERCENT. ACCORDING TO THE SEC'S COMPLAINT AGAINST PRESENT, HE WAS RESPONSIBLE FOR THE FIRM'S ADVERTISING MATERIALS THAT WERE OFTEN POSTED ON THE COMPANY WEBSITE AND SENT TO CLIENTS AND PROSPECTIVE CLIENTS. PRESENT ALSO WAS RESPONSIBLE FOR THE DESCRIPTIONS OF ALPHASECTOR IN ITS FILINGS WITH THE SEC, AND HE CERTIFIED THE ACCURACY OF THOSE FILINGS. HE MADE THE FALSE AND MISLEADING STATEMENTS ABOUT ALPHASECTOR FROM SEPTEMBER 2008 TO SEPTEMBER 2013. THE SEC ALLEGES THAT HE CLAIMED ALPHASECTOR WAS BASED ON AN INVESTMENT STRATEGY THAT HAD BEEN USED TO INVEST CLIENT ASSETS SINCE APRIL 2001. YET PRESENT KNEW THAT THE ALGORITHM WAS NOT FINALIZED UNTIL LATE SUMMER 2008 WHEN HE DEvised RULES FOR TURNING THE SIGNALS INTO A MODEL ETF PORTFOLIO AND DIRECTED AN ASSISTANT TO CALCULATE HYPOTHETICAL RETURNS FOR THE PORTFOLIO GOING BACK TO APRIL 2001. THE SEC FURTHER ALLEGES THAT THE FIRM'S ANALYST WHO CALCULATED THE BACKTESTED ALPHASECTOR PERFORMANCE INADVERTENTLY APPLIED THE BUY/SELL SIGNALS TO THE WEEK PRECEDING ANY ETF PRICE CHANGE THAT THE SIGNALS WERE BASED ON. THE MISTAKE CARRIED THE MODEL PORTFOLIO'S BACKTESTED BUY AND SELL DECISIONS BACK IN TIME ONE WEEK, ENABLING THE MODEL TO BUY AN ETF JUST BEFORE THE PRICE ROSE AND SELL AN ETF JUST BEFORE THE PRICE FELL. THE SEC ALLEGES THAT THE ANALYST TRIED TO EXPLAIN THIS POSSIBLE CALCULATION ERROR TO PRESENT IN LATE SEPTEMBER 2008, YET THE FIRM WENT ON TO ADVERTISE THE INFLATED DATA FOR THE NEXT FIVE YEARS AND OVERSTATED THAT ALPHASECTOR SIGNIFICANTLY OUTPERFORMED THE S&P 500 FROM APRIL 2001 TO SEPTEMBER 2008.

Current Status: Pending

Limitations or Restrictions in Effect During Appeal: NO



End of Report

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