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

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| Department of Enforcement,<br><br>Complainant,<br><br>v.<br><br>Megurditch Patatian<br>CRD No. 4047060,<br><br>Respondent. | Disciplinary Proceeding<br>No. 2018057235801 |

# COMPLAINT

The Department of Enforcement alleges:

## SUMMARY

1. From 2013 to 2017, while associated with Western International Securities, Inc. (Western), Respondent Megurditch Patatian made 81 recommendations to 59 customers to purchase non-traded real estate investment trusts (REITs). All of Patatian's recommendations were unsuitable because he lacked a reasonable basis to recommend the product to any investor. Patatian did not understand the basic features and risks associated with the non-traded REITs and failed to conduct reasonable diligence to understand the product.

2. Six of Patatian's customers also had liquidity concerns and thus his recommendation to purchase an illiquid non-traded REIT was further unsuitable due to each customer's specific situation and needs.

3. To fund four of the non-traded REIT sales referenced above, Patatian recommended that the customers surrender existing variable annuity policies. Each of these four

sell recommendations was unsuitable because Patatian failed to understand the adverse financial consequences of the surrenders, causing customers to incur taxes and surrender fees.

4. During 2017 to 2018, Patatian also recommended six variable annuity exchanges that were unsuitable because he failed to understand the consequences of those exchanges, including the increased cost of the new variable annuities and the fact that a return of premium death benefit was not a standard feature of all variable annuities.

5. In one instance, Patatian also impersonated a customer—without the customer's knowledge or consent—in a telephone call with an insurance company to obtain the contract value and surrender fee for the variable annuity.

6. Finally, between 2013 and 2016, Patatian recorded inaccurate customer information on the firm's customer account and disclosure forms, including by overstating customers' net worth and exaggerating customers' years of investment experience. Notably, the state of the California and the REIT issuers limited the total purchase of a REIT to ten percent of the customer's net worth. In 26 instances, Patatian inflated the customer's net worth on the firm's REIT paperwork in order to evade the limits.

7. By making 81 unsuitable recommendations to purchase non-traded REITs and to surrender four variable annuities, Patatian violated FINRA Rules 2111 and 2010; by making six unsuitable recommendations to exchange variable annuities, Patatian violated FINRA Rules 2330(b) and 2010; by impersonating a customer, Patatian violated FINRA Rule 2010; and by falsifying account and disclosure forms, Patatian violated FINRA Rules 4511 and 2010.

## RESPONDENT AND JURISDICTION

8. Patatian first associated with a FINRA member in November 1999, the same year he registered with FINRA as a general securities representative. Between November 1999 and March 2013, Patatian was associated with three different FINRA members and registered as a general securities representative.

9. From April 5, 2013 to April 2, 2020, Patatian was registered as a general securities representative through an association with Western. Western terminated Patatian's registration by filing a Form U5 on April 2, 2020, disclosing that Patatian had been permitted to resign "after the firm questioned the integrity of a client signed document."

10. Since May 8, 2020, Patatian has been registered as a general securities representative through his association with another FINRA member firm.

11. Patatian is subject to FINRA's jurisdiction because he is currently registered with FINRA and associated with a FINRA member firm.

## FACTS

### Patatian Recommended Non-Traded REITs to 59 Customers

12. From April 2013 through March 2017, Patatian recommended 81 purchases of more than $7.8 million in non-traded REITs to 59 firm customers. The 81 non-traded REIT transactions are identified in Exhibit A.

13. A REIT is a corporation, trust, or association that owns or manages income-producing real estate. Non-traded REITs are REITs that are not traded on a national securities exchange. The risks of non-traded REITs include illiquidity, restrictive early redemption of shares, high front-end costs, and non-guaranteed distributions that may include borrowed funds and return of investor principal.

14. In total, Patatian was paid $458,418.07 in commissions from the sale of the 81 non-traded REITs. This sum represented approximately 80 percent of Patatian's earned commissions from April 2013 through March 2017, including 96 percent of his commissions in 2013 and nearly 95 percent of his commissions in 2014.

Patatian Did Not Understand the Features and Risks of the Non-Traded REITs

15. Prior to associating with Western, Patatian had never sold non-traded REITs and had never received training relating to non-traded REITs.

16. Patatian did not understand how non-traded REITs worked or the risks associated with investing in them and failed to conduct reasonable diligence to understand the REITs he recommended.

17. As set forth in the applicable prospectuses, the non-traded REITs Patatian sold to his customers involved a high degree of risk, were speculative, and were only appropriate for investors who could afford a complete loss of their investment.

18. The non-traded REITs Patatian sold to his customers were not suitable for customers with short-term liquidity needs.

19. For example, the prospectus for one of the non-traded REITs, AHTII, that Patatian sold to 12 different investors provided that investors "should purchase the shares only as a long-term investment because of the illiquid nature of the shares"; investing "involves significant risk and is suitable only for persons who have adequate financial means, desire a relatively long-term investment and will not need immediate liquidity from their investment"; and "we caution persons who require immediate liquidity . . . or who seek a short-term investment not to consider an investment."

20. Patatian incorrectly believed that the non-traded REITs he sold would be illiquid for just one to three years. In fact, the non-traded REITs Patatian sold could remain illiquid for seven or more years.

<u>Patatian Inflated Customers' Net Worth in 26 Sales to Circumvent REIT Limitations</u>

21. Due to the risky nature of non-traded REITs, certain states set limitations, relative to net worth, on how much a customer could purchase. These limitations were set forth in the accompanying non-traded REIT prospectuses.

22. In order to comply with these limitations, Western required that each customer sign a client disclosure form acknowledging that the customer had "the financial status, including net worth and annual gross income, that meets the suitability standards of the Issuer or [their] state of primary residence."

23. From 2013 to 2017, California limited the amount that a customer could invest in any single non-traded REIT to ten percent of the investor's net worth.

24. All 59 customers identified in Exhibit A were residents of California at the time they purchased the non-traded REIT.

25. Patatian was aware of the ten percent concentration limit at the time he was recommending the non-traded REITs and understood that the firm would reject a transaction as unsuitable if it exceeded ten percent of the customer's net worth.

26. To avoid the ten percent limit, Patatian inflated customers' net worth on the client disclosure form in 26 instances (identified in Exhibit A). In doing so, Patatian was able to sell non-traded REITs in amounts over ten percent of the customers' net worth to 18 customers.

Patatian Made Recommendations to Purchase Non-Traded REITs
that Were Unsuitable Based on the Customers' Investment Profiles

27. For six customers, Customer 38, Customer 41, Customer 18, Customers 23 and 24 (a married couple), and Customer 49, Patatian also failed to take into account their specific financial situation, liquidity needs, health issues, and age when recommending the purchase of non-traded REITs. Each of the six customers purchased the non-traded REIT as Patatian recommended.

Customer 38

28. In July 2013, Patatian recommended that Customer 38 invest $60,000 in a non-traded REIT.

29. At the time of Patatian's recommendation, Customer 38 was 68 years old, retired, and wanted to keep her money in low risk, liquid investments.

30. The non-traded REIT Patatian recommended was not suitable for Customer 38 because she desired low risk, liquid investments.

31. Customer 38's non-traded REIT purchase of $60,000 also represented approximately 12 percent of her net worth and exceeded the ten percent concentration limit.

32. To avoid the ten percent concentration limit, Patatian inflated Customer 38's net worth from $500,000 to $3 million on her client disclosure form.

Customer 41

33. In 2014, Patatian recommended to Customer 41 that she surrender her variable annuity and purchase a non-traded REIT.

34. At the time of Patatian's recommendation, Customer 41 was 58 years old, had recently been diagnosed with cancer, was going through a divorce, and needed liquid investments.

35. Patatian recommended that Customer 41 liquidate her variable annuity, which was worth approximately $360,000, and use the full proceeds to purchase a non-traded REIT.

36. The non-traded REIT Patatian recommended was not suitable for Customer 41, given her short-term liquidity needs.

37. Customer 41's $360,000 REIT purchase was also well beyond the ten percent concentration limit.

38. To avoid the ten percent concentration limit, Patatian inflated Customer 41's net worth from approximately $900,000 to $4 million on her client disclosure form.

39. Customer 41 incurred federal taxes and penalties on investment gains within her variable annuity when she surrendered it to purchase the non-traded REIT.

40. In addition, Customer 41 lost approximately $26,000 on her REIT investment.

<u>Customer 18</u>

41. In 2014, Patatian recommended that Customer 18 surrender a variable annuity held in a qualified plan and use the proceeds to purchase a non-traded REIT.

42. Patatian recommended that Customer 18 liquidate his variable annuity, which was then worth $95,289, and invest the proceeds in a non-traded REIT.

43. Customer 18's $95,279 non-traded REIT purchase represented almost all of Customer 18's liquid net worth of approximately $130,000 and exceeded the ten percent concentration limit.

44. To avoid the ten percent concentration limit, Patatian inflated Customer 18's net worth from approximately $180,000 to $1 million on his client disclosure form.

45. Customer 18 planned to retire from his job as a security guard shortly after his REIT purchase. He had to continue working because the REIT that Patatian sold to him, which is a substantial part of his retirement assets, remains illiquid.

Customers 23 and 24

46. In July 2014, Patatian recommended that Customers 23 and 24, a married couple, invest $45,000 in a non-traded REIT.

47. At the time of Patatian's recommendation, Customers 23 and 24 were 65 and 60 years old, respectively, and told Patatian that they wanted only liquid investments.

48. Patatian represented to Customers 23 and 24 that they could sell their non-traded REIT at any time.

49. The non-traded REIT Patatian recommended was not suitable for Customers 23 and 24, who sought only liquid investments.

50. Customers 23 and 24's $45,000 REIT purchase represented over 11 percent of their net worth and exceeded the ten percent concentration limit.

51. To avoid the ten percent concentration limit, Patatian inflated Customers 23's and 24's net worth on their client disclosure form from nearly $400,000 to $3 million.

Customer 49

52. In April 2016, Patatian recommended that Customer 49 invest $200,000 in a non-traded REIT.

53. At the time of Patatian's recommendation, Customer 49 was 69 years old, had been retired from her job as a security guard for nine years, and had severe health issues including dementia.

54. Customer 49's $200,000 non-traded REIT investment represented approximately 33 percent of her net worth and exceeded the ten percent concentration limit.

55. To avoid the ten percent concentration limit, Patatian inflated Customer 49's net worth from $600,000 to $2.1 million on her client disclosure form.

56. Due to Customer 49's death in 2018, which was a triggering redemption event under the prospectus, her son was able to prematurely redeem her shares in the non-traded REIT.

Patatian Made Unsuitable Recommendations that Four Customers
Surrender Variable Annuities to Purchase Non-Traded REITs

57. Between 2013 and 2015, Patatian recommended that four customers surrender their variable annuities to purchase non-traded REITs without informing the customers of the adverse financial consequences of those surrenders.

58. In 2013 and 2014, Patatian recommended to Customer 41, Customers 50 and 51 (a married couple), and Customer 56 that they surrender their non-qualified variable annuities to purchase non-traded REITs.

59. Patatian incorrectly believed that the transactions constituted a 1035 exchange and were therefore not a taxable event.

60. Patatian failed to advise Customer 41, Customers 50 and 51, and Customer 56 of the negative tax consequences upon surrendering or partially surrendering their non-qualified variable annuities.

61. Patatian even told Customers 50 and 51 that they could reinvest funds from their surrendered variable annuities that had appreciated in value into a non-traded REIT and that the transaction would not be a taxable event.

62. Contrary to Patatian's understanding of the tax consequences of the transactions he recommended to Customer 41, Customers 50 and 51, and Customer 56, the customers' gains on their surrendered variable annuities created a taxable event.

Patatian Recommended Unsuitable Variable Annuity Exchanges

63. In 2017 and 2018, Patatian recommended six variable annuity exchanges to his customers without understanding the consequences of the exchanges.

64. In 2017, Patatian recommended that Customers 31 and 32 exchange their two separately held variable annuities for two new variable annuities. On the firm's disclosure forms for Customers 31 and 32, Patatian cited the basis for his recommendations as a desire to lock in a higher death benefit at a minimal cost increase.

65. Patatian made a cost comparison of the contract costs for Customers 31 and 32's existing variable annuities and the proposed contracts. Although the existing contracts' living benefit riders were terminated in 2015, Patatian's cost comparison still included them.

66. Because Customers 31 and 32 were no longer paying for the riders, Patatian's cost comparison was inaccurate and the cost of the new variable annuities was approximately $4,000 per year greater than the existing contracts. Patatian was unaware at the time of his recommendation that the new variable annuities were more expensive.

67. In 2017 and 2018, Patatian also recommended to Customer 14, Customer 60, Customer 50, and Customer 56 that they exchange their variable annuities for a different variable annuity.

68. Patatian's stated rationale for the exchanges for Customer 14, Customer 60, Customer 50, and Customer 56 was to secure a death benefit at the existing variable annuities' appreciated contract value.

69. At the time of the recommendation to Customer 14, Customer 60, Customer 50, and Customer 56, Patatian mistakenly maintained that all variable annuity products included a return of premium death benefit as a standard feature.

70. Patatian did not know, nor take reasonable efforts to know, at the time of his recommendations that the product application required him to select the optional return of premium death benefit option for Customer 14, Customer 60, Customer 50, and Customer 56. Patatian, therefore, did not select that option and the customers did not receive the return of premium death benefit, which was Patatian's stated basis for recommending the transactions.

71. Moreover, at the time of his recommendation, Patatian was also unaware that Customer 14 would incur a surrender charge in connection with his variable annuity exchange. In fact, Customer 14 incurred a surrender charge of $961.

Patatian Impersonated a Customer on a Call with an Insurance Company

72. In 2015, Patatian also recommended that Customers 27 and 28, a married couple, surrender a variable annuity to purchase a non-traded REIT.

73. In January 2015, at the time of Patatian's recommendation to Customers 27 and 28, they held the variable annuity away from Western, Patatian was not the broker of record on the account, and he was unaware of the contract value and whether the customers would incur a surrender charge and the amount of that charge.

74. Customers 27 and 28 surrendered their variable annuity to purchase the non-traded REIT at Patatian's recommendation, incurring a surrender charge of $4,212.

75. After the surrender, Patatian impersonated Customer 27 in a telephone call with the insurance company to obtain the contract value and surrender charge of the variable annuity.

76. At the beginning of the call, Patatian claimed to be Customer 28, a woman. When the insurance company representative asked him to clarify his identity, Patatian stated that he was Customer 27, Customer 28's husband, and then provided Customer 27's date of birth and the last four digits of his social security number to authenticate Customer 27's identity.

77. Neither Customer 27 nor Customer 28 were aware of or authorized Patatian's impersonation.

Patatian Created Inaccurate Books and Records

78. Between 2013 and 2016, Patatian recorded inaccurate customer information on the firm's customer account and disclosure forms.

79. As alleged above, in 26 instances, Patatian overstated customers' net worth on client disclosure forms in connection with non-traded REIT purchases.

80. In addition, Patatian routinely and inaccurately exaggerated customers' years of experience in stock and bond investing on new account forms.

a. In 2014, Patatian wrote on a new account form for Customer 18 that Customer 18 had 30 years of experience investing in stocks, bonds, and mutual funds. In reality, Customer 18 had only ever invested in a single variable annuity and had never invested in stocks.

b. In 2013, Patatian wrote on a new account form for Customer 38 that Customer 38 had 25 years of experience investing in stocks, bonds, and mutual funds although she did not understand stocks, was living paycheck-to-paycheck, and did not start investing until 2004.

c. In 2013, Patatian wrote on a new account form for Customer 41 that Customer 41 had 20 years of experience investing in stocks, bonds, and mutual funds when she had none.

**FIRST CAUSE OF ACTION**
**Unsuitable REIT Recommendations**
**(FINRA Rules 2111 and 2010)**

81. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

82. FINRA Rule 2111(a) requires that associated persons have a reasonable basis to believe that a recommended transaction involving a security is suitable for the customer, based on information obtained through the reasonable diligence of the associated person.

83. The suitability obligation contained in FINRA Rule 2111 includes both a "reasonable basis" and "customer-specific" obligation. Reasonable basis means that the associated person must have a reasonable basis to believe, based on reasonable diligence, that the recommendation is suitable for at least some investors. That reasonable diligence must provide an understanding of the potential risks and rewards associated with the recommended security or strategy.

84. The customer-specific obligation requires that the associated person have a reasonable basis to believe that the recommendation is suitable for a particular customer based on information obtained through reasonable diligence relating to the customer's investment profile, including the customer's age, financial situation and needs, investment objectives, investment experience, investment time horizon, liquidity needs, and risk tolerance.

85. A violation of FINRA Rule 2111 is also a violation of FINRA Rule 2010, which provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

86. Patatian did not have a reasonable basis to believe, based on reasonable diligence, that his recommendations to purchase non-traded REITs were suitable for at least some customers because he failed to conduct a reasonable investigation into the risks and rewards of the products, including the risk that the product would remain illiquid for longer than three years. Accordingly, Patatian's recommendations to the customers on Exhibit A were unsuitable.

87. In addition, Patatian recommended that six customers, Customer 38, Customer 41, Customer 18, Customer 23 and Customer 24 (a married couple), and Customer 49 purchase non-traded REITs without having a reasonable basis to believe that the transactions were suitable for these particular customers, in light of the risky, illiquid nature of the non-traded REITS and the customers' overconcentration in the products.

88. As a result of the foregoing conduct, Patatian violated FINRA Rules 2111 and 2010.

**SECOND CAUSE OF ACTION**
**Unsuitable Variable Annuity Surrenders**
**(FINRA Rules 2111 and 2010)**

89. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

90. As alleged above, FINRA Rule 2111(a) requires that associated persons have a reasonable basis to believe that a recommended transaction involving a security is suitable for

the customer, based on information obtained through the reasonable diligence of the associated person.

91. Patatian lacked a reasonable basis to believe, based on reasonable diligence, that his recommendations to Customer 41, Customers 50 and 51, Customer 56 , and Customers 27 and 28 to surrender their variable annuities were suitable because he failed to understand the adverse financial consequences of the surrenders, including that the customers would lose existing benefits or be subject to increased fees or charges.

92. As a result of the foregoing conduct, Patatian violated FINRA Rules 2111 and 2010.

**THIRD CAUSE OF ACTION**
**Unsuitable Variable Annuity Exchanges**
**(FINRA Rules 2330(b) and 2010)**

93. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

94. FINRA Rule 2330(b) prohibits a registered representative from recommending the exchange of a deferred variable annuity unless the representative has a reasonable basis to believe that the transaction is suitable. To establish a reasonable basis for the exchange under the Rule, representatives must consider whether the customer would incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, or be subject to increased fees or charges.

95. As alleged above, Patatian recommended that Customer 14, Customers 31 and 32, Customer 60, Customer 50, and Customer 56 exchange their existing deferred variable annuities for different variable annuities without understanding the consequences of the exchanges at the time of his recommendations.

96. When making his recommendations to exchange variable annuities to these customers, Patatian failed to consider whether the customers would incur surrender charges, lose existing benefits, or be subject to increased fees or charges. He lacked a reasonable basis to believe, based on reasonable diligence, that his recommendations to exchange certain variable annuities were suitable.

97. As a result of the foregoing conduct, Patatian violated FINRA Rules 2330(b) and 2010.

**FOURTH CAUSE OF ACTION**
**Impersonating a Customer**
**(FINRA Rule 2010)**

98. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

99. FINRA Rule 2010 provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

100. In 2015, Patatian impersonated Customer 27 on a telephone call with an insurance company without the customer's knowledge or authorization.

101. By impersonating a customer without his knowledge or authorization, Patatian failed to observe high standards of commercial honor and just and equitable principles of trade.

102. As a result of the foregoing conduct, Patatian violated FINRA Rule 2010.

**FIFTH CAUSE OF ACTION**
**Causing Inaccurate Books and Records**
**(FINRA Rules 4511 and 2010)**

103. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

104. Rule 4511 requires, among other things, that firms "make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations . . . and as prescribed by the Securities Exchange Act of 1934 Rule 17a-3." In turn, Exchange Act Rule 17a-3(a)(6) and (a)(17) requires member firms to make and keep, among other things a "memorandum of each brokerage order and of any other instruction, given or received for the purchase or sale of a security" and an account record that includes the customer's annual income and net worth.

105. As alleged herein, Patatian overstated customer investment experience and financial data on account forms and client disclosure forms that the firm was required to maintain.

106. By causing his firm to create and maintain inaccurate books and records required to be kept under Exchange Act Rules 17a-3(a)(6) and 17a-3(a)(17), Patatian violated FINRA Rules 4511 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, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and

C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

**FINRA DEPARTMENT OF ENFORCEMENT**

Date: *February 26, 2021*

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**Exhibit A to Complaint**
***Dep't of Enforcement v. Megurditch Patatian***
**Discip. Proceeding No. 2018057235801**

| Transaction No. | Customer | Age | Trade Date | Amount | Inflated Net Worth[1] |
|---|---|---|---|---|---|
| 1 | Customer 1 | 74 | 05/05/14 | $42,279.37 | X |
| 2 | | | 07/22/14 | $24,518.18 | X |
| 3 | Customer 2 | 73 | 05/08/14 | $25,063.25 | X |
| 4 | | | 03/05/15 | $24,545.87 | X |
| 5 | Customer 3 | 68 | 06/04/14 | $129,617.86 | X |
| 6 | Customer 4 & Customer 5 | 60, 59 | 08/12/13 | $30,000.00 | |
| 7 | | | 08/26/13 | $15,000.00 | |
| 8 | Customer 5 | 59 | 08/15/13 | $30,000.00 | |
| 9 | Customer 6 | 49 | 05/20/14 | $40,875.55 | |
| 10 | | | 08/07/15 | $20,000.00 | |
| 11 | Customer 7 & Customer 8 | 70, 65 | 08/26/13 | $64,054.64 | |
| 12 | | | 04/30/14 | $100,000.00 | X |
| 13 | | | 05/23/14 | $10,274.67 | X |
| 14 | Customer 7 | 65 | 09/02/14 | $146,493.37 | X |
| 15 | Customer 8 | 70 | 05/30/14 | $19,128.88 | X |
| 16 | | | 05/30/14 | $34,083.14 | X |
| 17 | Customer 9 & Customer 10 | 45, 44 | 07/24/13 | $50,000.00 | |
| | | | 07/24/13 | $25,000.00 | |
| 18 | Customer 11 | 72 | 08/20/13 | $86,000.00 | |
| 19 | Customer 12 & Customer 13 | 45, 38 | 04/29/14 | $200,000.00 | |
| 20 | Customer 14 | 69 | 09/10/13 | $208,698.89 | |
| 21 | | | 10/27/15 | $125,123.53 | |
| 22 | | | 08/02/16 | $199,541.24 | |
| 23 | Customer 15 | 61 | 03/14/14 | $70,371.61 | |
| 24 | | | 04/09/14 | $16,516.52 | |
| 25 | Customer 16 | 69 | 09/22/14 | $130,000.00 | |
| 26 | Customer 16 & Customer 17 | 71, 69 | 09/30/13 | $100,000.00 | |
| 27 | | | 06/18/14 | $150,000.00 | |
| 28 | Customer 18 | 72 | 09/02/14 | $95,279.55 | X |
| 29 | Customer 19 & | 97, 98 | 09/05/13 | $102,000.00 | |

[1] This column indicates whether the customer's net worth was inflated on the Client Disclosure Form prepared for the sale of the non-traded REIT.

| Transaction No. | Customer | Age | Trade Date | Amount | Inflated Net Worth[1] |
|---|---|---|---|---|---|
| | Customer 20 | | | | |
| 30 | Customer 21 | 75 | 08/22/14 | $48,900.44 | |
| 31 | Customer 22 | 81 | 08/18/14 | $13,541.88 | |
| 32 | Customer 23 & Customer 24 | 71, 66 | 08/05/14 | $45,000.00 | X |
| 33 | Customer 25 & Customer 26 | 96, 94 | 03/07/14 | $65,321.72 | |
| 34 | | | 08/30/13 | $290,190.00 | |
| 35 | Customer 27 | 73 | 04/21/14 | $21,000.00 | X |
| 36 | Customer 27 & Customer 28 | 73, 64 | 03/10/15 | $85,381.62 | X |
| 37 | | | 06/23/15 | $50,000.00 | X |
| 38 | Customer 29 | 50 | 09/04/13 | $38,650.00 | |
| 39 | | | 05/21/14 | $8,145.53 | |
| 40 | Customer 30 | 78 | 12/03/13 | $37,926.53 | |
| 41 | | | 08/05/14 | $8,000.00 | |
| 42 | Customer 31 | 73 | 10/01/13 | $438,850.00 | |
| 43 | | | 12/29/15 | $171,742.45 | |
| 44 | Customer 31 & Customer 32 | 73, 66 | 07/25/16 | $268,969.44 | |
| 45 | Customer 32 | 66 | 10/01/13 | $76,540.00 | |
| 46 | | | 11/13/13 | $47,905.02 | |
| 47 | Customer 33 & Customer 34 | 71, 70 | 05/27/14 | $100,000.00 | |
| 48 | Customer 35 | 71 | 07/31/13 | $71,300.00 | |
| | | | 07/31/13 | $1,680.48 | |
| 49 | Customer 36 | 63 | 03/11/14 | $14,000.00 | |
| 50 | | | 03/19/14 | $65,838.42 | |
| 51 | Customer 37 | 50 | 04/15/14 | $79,546.35 | X |
| 52 | | | 01/15/15 | $25,700.00 | X |
| 53 | Customer 38 | 76 | 07/22/13 | $60,000.00 | X |
| 54 | Customer 39 & Customer 40 | 69, 67 | 12/23/15 | $200,000.00 | |
| 55 | Customer 41 | 58 | 05/12/14 | $360,970.63 | X |
| 56 | Customer 42 | 66 | 07/08/13 | $40,000.00 | X |
| 57 | | | 10/21/13 | $45,000.00 | X |
| 58 | | | 03/11/14 | $46,401.45 | X |
| 59 | Customer 43 | 84 | 09/27/13 | $75,900.00 | |
| 60 | | | 08/26/14 | $176,469.11 | X |

| Transaction No. | Customer | Age | Trade Date | Amount | Inflated Net Worth[1] |
|---|---|---|---|---|---|
| 61 | Customer 44 | 69 | 06/23/16 | $40,000.00 | |
| 62 | Customer 45 | 74 | 01/22/15 | $200,000.00 | |
| 63 | | | 03/11/15 | $64,950.00 | |
| 64 | Customer 46 | 72 | 03/12/15 | $400,000.00 | |
| 65 | | | 04/13/15 | $300,000.00 | |
| 66 | Customer 47 | 61 | 03/25/15 | $103,000.00 | |
| 67 | Customer 48 | 49 | 01/30/14 | $31,527.34 | |
| 68 | Customer 49 | 73 | 05/27/16 | $200,000.00 | X |
| 69 | Customer 50 & Customer 51 | 72, 71 | 08/13/13 | $75,000.00 | |
| 70 | | | 08/29/13 | $36,430.00 | |
| 71 | | | 07/08/15 | $36,400.00 | |
| 72 | | | 08/11/14 | $50,000.00 | |
| 73 | Customer 50 | 72 | 03/07/17 | $129,711.10 | |
| 74 | Customer 52 | 46 | 07/02/15 | $40,000.00 | |
| 75 | Customer 53 & Customer 54 | 77, 40 | 08/19/13 | $68,977.00 | |
| 76 | Customer 55 & Customer 56 | 67, 62 | 09/05/13 | $200,000.00 | X |
| 77 | Customer 55 | 62 | 05/20/14 | $96,136.50 | X |
| 78 | Customer 57 | 31 | 07/25/13 | $227,600.00 | |
| 79 | Customer 58 | 67 | 08/16/13 | $40,000.00 | |
| 80 | | | 12/28/15 | $75,000.00 | |
| 81 | Customer 59 | 55 | 02/25/16 | $54,196.45 | |
| Total: | 59 customers | 21 seniors | | $7,862,265.58 | 26 forms (18 customers) |