

BrokerCheck Report

CAPITAL ONE INVESTING, LLC

CRD# 45744

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	4 - 7
Firm History	8
Firm Operations	9 - 15
Disclosure Events	16



Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

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:

- o 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
- o 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 <https://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.

Thank you for using FINRA BrokerCheck.



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.](http://www.finra.org)

CAPITAL ONE INVESTING, LLC

CRD# 45744

SEC# 8-51160

Main Office Location

1750 TYSONS BLVD.
6TH FLOOR
MCLEAN, VA 22102

Mailing Address

PO BOX 8958
WILMINGTON, DE 19899-8944

Business Telephone Number

800-747-2537

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/01/2017.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

**Disclosure Events**

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	3



Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.

This firm terminated or withdrew registration on:	06/03/2019
Does this brokerage firm owe any money or securities to any customer or brokerage firm?	Yes
Number of customers owed funds or securities:	7,422
Amount of money owed to customer:	\$2,676,122.00
Amount of money owed to brokerage firm:	\$0.00
Market value of securities owed to customer:	\$115,302.25
Market value of securities owed to brokerage firm:	\$0.00
Payment arrangement:	<p>THE CUSTOMERS IDENTIFIED AS BEING OWED MONEY ARE THOSE FIRM CUSTOMERS TO WHOM THE FIRM SENT CHECKS IN CONNECTION WITH THE TERMINATION OF THEIR ACCOUNTS, BUT WHO HAVE NOT CASHED THOSE CHECKS YET. DURING THE FORM BDW PROCESS, THE FIRM WILL KEEP CASH ON HAND IN ITS DEMAND DEPOSIT ACCOUNT (DDA) IN AN AMOUNT SUFFICIENT TO FUND THESE CHECKS. CAPITAL ONE, NATIONAL ASSOCIATION (CONA), A NATIONAL BANK AFFILIATE OF THE FIRM, WILL PROCESS CUSTOMER REQUESTS FOR STOP PAYMENTS AND CHECK REISSUANCES. AFTER THE BDW HAS BEEN DEEMED EFFECTIVE, OWNERSHIP OF THE DDA FROM WHICH THE CHECKS WERE ISSUED AND THE CORRESPONDING ROSTER FOR UNCASHED CHECKS WILL BE TRANSFERRED TO CONA, WHERE THE FUNDS WILL CONTINUE TO BE HELD FOR THE BENEFIT OF FORMER FIRM CUSTOMERS. CUSTOMER CHECKS WILL CONTINUE TO BE HONORED BY CONA AND PAID FROM THIS ACCOUNT, AND ANY UNCASHED CHECKS WILL BE ESCHEATED IN COMPLIANCE WITH STATE ESCHEATMENT LAWS AT THE END OF THE APPLICABLE DORMANCY PERIOD. THE FIRM MET WITH SEC STAFF IN THE DIVISION OF TRADING AND MARKETS TO GENERALLY DISCUSS THE AFOREMENTIONED POINTS RELATED TO THE FILING OF THIS FORM BDW. AT THE TIME OF FILING, THE FIRM HAS TWO OUTSTANDING, FINRA-APPROVED SUBORDINATED LOANS: AN EQUITY LOAN EXTENDED BY CAPITAL ONE FINANCIAL INVESTING, LLC FOR \$100M; AND A DEBT LOAN EXTENDED BY CAPITAL ONE FINANCIAL CORP. FOR \$40M. FINRA STAFF (DIANA HERNANDEZ, PRINCIPAL EXAMINER,</p>

NY FINRA OFFICE) ADVISED THE FIRM NOT TO RE-PAY THESE LOANS PRIOR TO FILING THE BDW BUT INSTEAD TO RE-PAY THEM AFTER THE EFFECTIVE DATE OF THE BDW. ACCORDINGLY, THE FIRM INTENDS TO RE-PAY BOTH LOANS, USING EXISTING ASSETS, ON OR SHORTLY AFTER AUGUST 3, 2019. THE MARKET VALUE OF SECURITIES OWED TO CUSTOMERS REFLECTS CUSTOMER ACCOUNTS THAT ARE SUBJECT TO COURT-ORDERED FREEZES, AND THUS CANNOT BE LIQUIDATED. THE FIRM IS ENGAGED IN THE PROCESS OF ADDRESSING SUCH FREEZES WITH THE APPLICABLE COURTS AND ITS CLEARING FIRM. ALL CUSTOMER LIABILITIES NOT PAID BY THE FIRM WILL BE PAID BY CONA.



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 01/01/2017.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

CAPITAL ONE INVESTING, LLC

Doing business as CAPITAL ONE INVESTING, LLC

CRD# 45744

SEC# 8-51160

Main Office Location

1750 TYSONS BLVD.
6TH FLOOR
MCLEAN, VA 22102

Mailing Address

PO BOX 8958
WILMINGTON, DE 19899-8944

Business Telephone Number

800-747-2537

Other Names of this Firm

Name	Where is it used
CAPITAL ONE INVESTING, LLC	AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	CAPITAL ONE FINANCIAL INVESTING, LLC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	PARENT COMPANY & MEMBER
Position Start Date	07/2005
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BARBANO, LYNLEY ESTELLE 2239052
Is this a domestic or foreign entity or an individual?	Individual
Position	PRINCIPAL OPERATIONS OFFICER
Position Start Date	10/2018
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	COMO, MONALISA RAASS 2536504
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT & CHIEF OPERATING OFFICER
Position Start Date	03/2018

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): CONSTANTINO, KRISTEN DANIELLE
3001473

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF COMPLIANCE OFFICER

Position Start Date 12/2018

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): MARTIN, ALEX MICHAEL
5639666

Is this a domestic or foreign entity or an individual? Individual

Position FINANCIAL & OPERATIONS PRINCIPAL / PRINCIPAL FINANCIAL OFFICER

Position Start Date 08/2013

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	CAPITAL ONE DIRECT SECURITIES INC.
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CAPITAL ONE FINANCIAL INVESTING, LLC
Relationship to Direct Owner	PARENT COMPANY
Relationship Established	11/2007
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	CAPITAL ONE FINANCIAL CORPORATION
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	CAPITAL ONE DIRECT SECURITIES
Relationship to Direct Owner	OWNER
Relationship Established	04/2013
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



Firm Operations



Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is no longer registered.

The firm's registration was from 11/09/1998 to 08/05/2019.



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 15 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
Mutual fund retailer
U S. government securities dealer
U S. government securities broker
Municipal securities dealer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Solicitor of time deposits in a financial institution
Put and call broker or dealer or option writer
Non-exchange member arranging for transactions in listed securities by exchange member
Trading securities for own account
Broker or dealer involved in a networking, kiosk or similar arrangement with a: bank, savings bank or association, or credit union
Broker or dealer involved in a networking, kiosk or similar arrangement with a: insurance company or agency

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 01/17/2003

Description: THE APPLICANT HAD ARRANGEMENTS FOR INSTITUTIONAL AND CERTAIN INDIVIDUAL ACCOUNTS TO BE INTRODUCED TO PERSHING LLC. PERSHING LLC ALSO HANDLED CERTAIN CUSTOMER BILLING, RECORDKEEPING, CUSTODY OF SECURITIES AND OTHER SERVICES GENERALLY REFERRED AS "SECURITIES CLEARANCE." THE APPLICANT WILL TERMINATE ARRANGEMENT WITH PERSHING LLC ONCE APPLICANT'S FORM BDW IS APPROVED.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: GLOBAL RELAY COMMUNICATIONS INC.
Business Address: 286 MADISON AVE
 #700
 NEW YORK, NY 10027
Effective Date: 08/07/2015
Description: STORAGE OF VARIOUS ELECTRONIC COMMUNICATIONS AND CERTAIN DOCUMENTS

Name: CAPITAL ONE SERVICES
Business Address: 1680 CAPITAL ONE DRIVE
 MCLEAN, VA 22102
Effective Date: 08/01/2007
Description: PROVIDES RETENTION OF CERTAIN EMAILS

Name: IRON MOUNTAIN (BOX STORAGE)
Business Address: 19826 RUSSELL ROAD
 KENT, WA 98032
Effective Date: 01/01/2001
Description: STORAGE OF VARIOUS BROKER-DEALER RECORDS IN PAPER AND ELECTRONIC FORMAT.

This firm does have accounts, funds, or securities maintained by a third party.

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
 JERSEY CITY, NJ 07399
Effective Date: 07/14/1999
Description: APPLICANT HAS A CLEARING AGREEMENT WITH PERSHING WHEREBY CERTAIN CUSTOMER TRANSACTIONS WERE PREVIOUSLY EXECUTED AND SETTLED ON AN AGGREGATE BASIS THROUGH AN OMNIBUS ACCOUNT. THE APPLICANT WILL TERMINATE ARRANGEMENT WITH PERSHING LLC ONCE APPLICANT'S FORM BDW IS APPROVED.

This firm does have customer accounts, funds, or securities maintained by a third party.

Firm Operations



Industry Arrangements (continued)

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 07/14/1999

Description: APPLICANT HAS A CLEARING AGREEMENT WITH PERSHING WHEREBY CERTAIN SELF DIRECTED (UNSOLICITED) CUSTOMER TRANSACTIONS WERE EXECUTED AND SETTLED ON AN AGGREGATE BASIS THROUGH AN OMNIBUS ACCOUNT. CERTAIN CUSTOMER POSITIONS WERE MAINTAINED AT PERSHING AS SHAREBUILDER POSITIONS IN THE OMNIBUS ACCOUNT. THE APPLICANT WILL TERMINATE THIS ARRANGEMENT WITH PERSHING LLC ONCE APPLICANT'S FORM BDW IS APPROVED.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

CAPITAL ONE SECURITIES, INC. is under common control with the firm.

CRD #:	44158
Business Address:	201 ST. CHARLES AVE SUITE 1830 NEW ORLEANS, LA 70130
Effective Date:	02/17/2012
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	CAPITAL ONE INVESTING LLC AND CAPITAL ONE SECURITIES, INC. ARE WHOLLY OWNED SUBSIDIARIES OF A COMMON ULTIMATE PARENT COMPANY, CAPITAL ONE FINANCIAL CORPORATION.

CAPITAL ONE ADVISORS, LLC is under common control with the firm.

CRD #:	136865
Business Address:	1750 TYSONS BLVD. 12TH FLOOR MCLEAN, VA 22102
Effective Date:	07/29/2005
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Description: CAPITAL ONE ADVISORS, LLC, AND APPLICANT ARE WHOLLY-OWNED SUBSIDIARIES OF SHAREBUILDER CORPORATION, WHICH IS WHOLLY-OWNED BY CAPITAL ONE DIRECT SECURITIES, INC. ALL ARE SUBSIDIARIES OF CAPITAL ONE FINANCIAL CORPORATION.

This firm is directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank

CAPITAL ONE BANK (USA), N.A. is a National Bank and controls the firm.

Business Address: 1680 CAPITAL ONE DRIVE
MCLEAN, VA 22102

Effective Date: 02/17/2012

Description: CAPITAL ONE SHAREBUILDER, INC. AND CAPITAL ONE BANK (USA), N.A. ARE WHOLLY OWNED SUBSIDIARIES OF CAPITAL ONE FINANCIAL CORPORATION.

CAPITAL ONE, N.A. is a National Bank and controls the firm.

Business Address: 1680 CAPITAL ONE DRIVE
MCLEAN, VA 22102

Effective Date: 11/15/2007

Description: CAPITAL ONE SHAREBUILDER, INC. AND CAPITAL ONE, N.A. ARE WHOLLY OWNED SUBSIDIARIES OF CAPITAL ONE FINANCIAL CORPORATION.



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	3	0

Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both 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:**
 - o 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.
 - o 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 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.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

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

Disclosure 1 of 3

Reporting Source: Regulator
Current Status: Final



Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT COLLECTED SUITABILITY INFORMATION AND MADE SUITABILITY DETERMINATIONS FOR APPROXIMATELY 730,000 CUSTOMERS WHO USED AN ONLINE TOOL PROVIDED BY THE FIRM. THE FINDINGS STATED THAT THE FIRM FAILED TO SEND AND CREATE A RECORD THAT IT SENT CERTAIN ACCOUNT INFORMATION TO THESE CUSTOMERS WITHIN 30 DAYS OF OPENING THE ACCOUNTS, AND TO APPROXIMATELY 650,000 OF THESE CUSTOMERS AT 36-MONTH INTERVALS AFTER THE ACCOUNTS WERE OPENED. THE FINDINGS ALSO STATED THAT IN CERTAIN INSTANCES THE FIRM PROVIDED INACCURATE HISTORICAL WEIGHTED-AVERAGE PERFORMANCE RESULTS TO CUSTOMERS WHO USED ANOTHER ONLINE TOOL PROVIDED BY THE FIRM. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO ESTABLISH AND MAINTAIN A SUPERVISORY SYSTEM THAT WAS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH SEC AND FINRA RECORDKEEPING RULES AND FINRA ADVERTISING RULES.
Initiated By:	FINRA
Date Initiated:	11/28/2016
Docket/Case Number:	2013039465901
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	11/28/2016
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$500,000.00
Other Sanctions Ordered:	UNDERTAKINGS
Sanction Details:	THE FIRM WAS CENSURED, FINED \$500,000, AND REQUIRED TO REVIEW ITS SUPERVISORY SYSTEMS AND PROCEDURES REGARDING



RECORDKEEPING AND THE ACCURACY OF INFORMATION DISPLAYED TO CUSTOMERS TO ENSURE THAT CURRENT SYSTEMS AND PROCEDURES ARE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ALL SECURITIES LAWS AND REGULATIONS, INCLUDING RULE 17A-3(A)(17) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND FINRA RULES 2210(D)(1)(A), 4511, AND 2010. FINES PAID IN FULL ON 12/7/16.

Reporting Source: Firm

Current Status: Final

Appealed To and Date Appeal Filed: N/A

Allegations: FINRA ALLEGED THAT THE FIRM DID NOT PROVIDE CLIENTS UTILIZING PORTFOLIOBUILDER WITH A COPY OF THEIR ACCOUNT RECORD THIRTY DAYS AFTER OPENING AN ACCOUNT AND EVERY THIRTY-SIX MONTHS THERAFTER. FINRA ALSO ALLEGED THAT PORTFOLIOBUILDER 2 INACCURATELY DISPLAYED INFORMATION REGARDING HISTORICAL RETURNS. SPECIFICALLY, IF AN ETF HAD NOT EXISTED FOR THE ENTIRE SPECIFIED TIME PERIOD, THE TOOL DISPLAYED A DASH RATHER THAN A NUMERIC VALUE. LEST, FINRA STATED THAT THE FIRM NEEDED TO ESTABLISH AND IMPLEMENT AN ADEQUATE SUPERVISORY SYSTEM.

Initiated By: FINRA

Date Initiated: 11/28/2016

Docket/Case Number: [2013039465901](#)

Principal Product Type: Other

Other Product Type(s): ONLINE ASSET ALLOCATION TOOL CALLED PORTFOLIOBUILDER AND PORTFOLIOBUILDER 2.

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: LETTER OF ACCEPTANCE, WAIVER & CONSENT (AWC).

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/28/2016

Sanctions Ordered: Censure
Monetary/Fine \$500,000.00

Other Sanctions Ordered: UNDERTAKINGS



Sanction Details: AMOUNT IS \$500,000.00

Firm Statement WITHOUT ADMITTING OR DENYING THE FINDINGS, CAPITAL ONE INVESTING ACCEPTED AND CONSENTED TO THE ENTRY OF FINDINGS REGARDING BOOKS AND RECORDS VIOLATIONS, THE INACCURATE DISPLAY OF PERFORMANCE RETURNS AND A FAILURE TO SUPERVISE. THE FIRM WAS FINED \$500,000, AND REQUIRED TO REVIEW ITS SUPERVISORY SYSTEMS AND PROCEDURES REGARDING RECORDKEEPING AND THE ACCURACY OF INFORMATION DISPLAYED TO CUSTOMERS TO ENSURE THAT CURRENT SYSTEMS AND PROCEDURES ARE REASONABLY DESIGN AND ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS AND REGULATIONS.

Disclosure 2 of 3

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO CORRECTLY REPORT OPTIONS POSITIONS TO THE LARGE OPTIONS POSITIONS REPORT (LOPR) WITH THE CORRECT CLEARING MEMBER NUMBER. THE FINDINGS STATED THAT THE FIRM SUBMITTED OPTIONS POSITIONS TO LOPR USING A FILE NAME THAT DIFFERED FROM THE FIRM'S PRIOR OPTIONS CLEARING CORPORATION (OCC) LOPR SUBMISSIONS, WHICH PREVENTED THE OCC FROM PROCESSING THE LOPR POSITION FILES, AND THEREFORE CAUSED THE FIRM TO FAIL TO REPORT ANY OF ITS REPORTABLE OPTIONS POSITIONS. ALL OF THE FIRM'S POSITIONS, HOWEVER, HAD BEEN REPORTED TO THE LOPR VIA ITS CLEARING FIRM'S OMNIBUS ACCOUNT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO AGGREGATE CERTAIN ACCOUNTS THAT WERE ACTING IN CONCERT (AIC) AND CONSEQUENTLY FAILED TO REPORT OPTIONS POSITIONS; THE FIRM'S AGGREGATION FAILURES IMPACTED AIC GROUPS AND ACCOUNTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO MAINTAIN AN ADEQUATE SYSTEM OF SUPERVISION, INCLUDING SYSTEMS OF FOLLOW-UP AND REVIEW, WHICH WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES GOVERNING THE REPORTING OF OPTIONS POSITIONS TO LOPR. THE FIRM ALSO LACKED SUFFICIENT WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATING TO ITS REVIEWS OF REJECTED LOPR SUBMISSIONS, THE ACCURACY OF ITS LOPR SUBMISSIONS, AND THE IDENTIFICATION AND REPORTING OF OPTIONS POSITIONS APPROPRIATELY AS AIC.

Initiated By: FINRA

Date Initiated: 07/13/2015



Docket/Case Number:	2013036305501
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	07/13/2015
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$100,000.00
Other Sanctions Ordered:	
Sanction Details:	THE FIRM WAS CENSURED AND FINED \$100,000. FINE PAID IN FULL JULY 16, 2015.
Regulator Statement	OTHER CONSIDERATIONS IN DETERMINING TO RESOLVE THIS MATTER WERE: (1) THAT THE FIRM HAD SELF-REPORTED ITS AIC LOPR FAILURES AND PROMPTLY TOOK ACTION TO CORRECT THIS ACTIVITY PRIOR TO THE COMPLETION OF THE INVESTIGATION; AND (2) THAT THE FIRM DEVELOPED AND IMPLEMENTED AN ENHANCED REPORTING SYSTEM AND REVISED ITS WRITTEN SUPERVISORY POLICIES, PROCEDURES, AND REVIEWS GOVERNING THE SUBMISSION OF OPTIONS POSITIONS TO THE LOPR.
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Reporting Source:	Firm
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO CORRECTLY REPORT OPTIONS POSITIONS TO THE LARGE OPTIONS POSITIONS REPORT (LOPR) WITH THE CORRECT CLEARING MEMBER NUMBER. THE FINDINGS STATED THAT THE FIRM SUBMITTED OPTIONS POSITIONS TO LOPR USING A FILE NAME THAT DIFFERED FROM THE



FIRM'S PRIOR OPTIONS CLEARING CORPORATION (OCC) LOPR SUBMISSIONS, WHICH PREVENTED THE OCC FROM PROCESSING THE LOPR POSITION FILES, AND THEREFORE CAUSED THE FIRM TO FAIL TO REPORT ANY OF ITS REPORTABLE OPTIONS POSITIONS. ALL OF THE FIRM'S POSITIONS, HOWEVER, HAD BEEN REPORTED TO THE LOPR VIA ITS CLEARING FIRM'S OMNIBUS ACCOUNT. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO AGGREGATE CERTAIN ACCOUNTS THAT WERE ACTING IN CONCERT (AIC) AND CONSEQUENTLY FAILED TO REPORT OPTIONS POSITIONS; THE FIRM'S AGGREGATION FAILURES IMPACTED AIC GROUPS AND ACCOUNTS. THE FINDINGS ALSO INCLUDED THAT THE FIRM FAILED TO MAINTAIN AN ADEQUATE SYSTEM OF SUPERVISION, INCLUDING SYSTEMS OF FOLLOW-UP AND REVIEW, WHICH WERE REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE RULES GOVERNING THE REPORTING OF OPTIONS POSITIONS TO LOPR. THE FIRM ALSO LACKED SUFFICIENT WRITTEN SUPERVISORY PROCEDURES (WSPS) RELATING TO ITS REVIEWS OF REJECTED LOPR SUBMISSIONS, THE ACCURACY OF ITS LOPR SUBMISSIONS, AND THE IDENTIFICATION AND REPORTING OF OPTIONS POSITIONS APPROPRIATELY AS AIC.

Initiated By: FINRA

Date Initiated: 07/13/2015

Docket/Case Number: [2013036305501](#)

Principal Product Type: Options

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE: \$100,000.

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 07/13/2015

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00

Other Sanctions Ordered:

Sanction Details: AWC SIGNED: 100,000.00 PAID VIA WIRE ON 07/16/2015

Firm Statement THE FIRM HAD SELF-REPORTED ITS AIC LOPR FAILURES AND PROMPTLY TOOK ACTION TO CORRECT THIS ACTIVITY PRIOR TO THE COMPLETION OF THE INVESTIGATION; AND THE FIRM DEVELOPED AND IMPLEMENTED AN ENHANCED REPORTING SYSTEM AND REVISED ITS WRITTEN SUPERVISORY POLICIES, PROCEDURES, AND REVIEWS GOVERNING THE



SUBMISSION OF OPTIONS POSITIONS TO THE LOPR.

Disclosure 3 of 3

Reporting Source:	Regulator
Current Status:	Final
Allegations:	NASD RULES 2110, 2210(D)(1)(D), 2210(D)(1)(A), 2210(D)(1)(B), 2210(D)(2)(B), 2210(C)(2) - FROM JANUARY 2004 THROUGH MARCH 2006, SHAREBUILDER SECURITIES CORPORATION COMMITTED SEVERAL VIOLATIONS OF NASD'S ADVERTISING RULES BY MEANS OF VARIOUS FALSE AND MISLEADING STATEMENTS REGARDING ITS SERVICES, INCLUDING INCOMPLETE AND UNBALANCED COMPARISONS, WITH ITS WEBSITE AND IN CERTAIN INTERNET ADVERTISING. THESE MISLEADING ADVERTISEMENTS WERE AVAILABLE FOR WIDESPREAD USE BY THE INVESTING PUBLIC, NOT ONLY BY THOSE WHO WERE CUSTOMERS OF THE FIRM. ADDITIONALLY, BETWEEN JANUARY 2002 AND NOVEMBER 2005, THE FIRM FAILED TO FILE TWELVE EXCHANGE TRADED FUNDS (EFT) RELATED ADVERTISEMENTS WITH NASD AS IT WAS REQUIRED TO DO.
Initiated By:	NASD
Date Initiated:	09/28/2006
Docket/Case Number:	2006003887001
Principal Product Type:	Mutual Fund(s)
Other Product Type(s):	STOCKS
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	09/28/2006
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$140,000.00

**Other Sanctions Ordered:****Sanction Details:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, SHAREBUILDER SECURITIES CORPORATION CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE THE FIRM IS CENSURED, FINED \$140,000 AND REQUIRED TO FILE WITH NASD ALL ADVERTISEMENTS USED ON THE FIRM'S WEBSITE OR ON THE INTERNET AT LEAST 10 DAYS PRIOR TO THEIR FIRST USE FOR ONE YEAR.

Reporting Source:

Firm

Current Status:

Final

Allegations:

IT WAS ALLEGED THAT FROM JANUARY 2004 THROUGH MARCH 2006, SHAREBUILDER COMMITTED SEVERAL VIOLATIONS OF NASD'S ADVERTISING RULES BY MEANS OF FALSE AND MISLEADING STATEMENTS REGARDING ITS SERVICES, INCLUDING INCOMPLETE AND UNBALANCED COMPARISONS, WITHIN ITS WEBSITE AND CERTAIN INTERNET ADVERTISING. ADDITIONALLY, BETWEEN JANUARY 2002 AND NOVEMBER 2005, THE FIRM FAILED TO FILE TWELVE ETF-RELATED ADVERTISEMENTS WITH NASD'S DEPARTMENT OF ADVERTISING REGULATION, AS IT WAS REQUIRED TO DO.

Initiated By:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. ("NASD")

Date Initiated:

06/05/2006

Docket/Case Number:

NASD CASE NO. 2006003887001

Principal Product Type:

Equity - OTC

Other Product Type(s):EQUITY - LISTED
EXCHANGE-TRADED FUNDS**Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

CENSURE.

FINE OF \$140,000.

UNDERTAKING TO PRE-FILE WITH NASD ALL NEW INTERNET AND WEBSITE ADVERTISING FOR ONE YEAR.

Resolution:

Acceptance, Waiver & Consent(AWC)

Resolution Date:

09/28/2006

Sanctions Ordered:Censure
Monetary/Fine \$140,000.00



Other Sanctions Ordered: AN UNDERTAKING TO FILE WITH NASD'S ADVERTISING REGULATION DEPARTMENT ALL NEW ADVERTISEMENTS USED ON THE FIRM'S WEBSITE OR ON THE INTERNET AT LEAST TEN DAYS PRIOR TO THEIR FIRST USE FOR ONE YEAR - FROM 10/01/2006 THROUGH 09/30/2007.

Sanction Details: APPLICANT PAID \$140,000 FINE ON 10/12/2006.

Firm Statement WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, SHAREBUILDER CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS.

End of Report



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