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FILED
DEC - 4 2020
James R. Paganelli, J.S.C.

GURBIR S. GREWAL, Attorney General of New Jersey, on behalf of CHRISTOPHER W. GEROLD, Chief of the New Jersey Bureau of Securities, Plaintiff, v. FIRST STANDARD FINANCIAL COMPANY, LLC, a New York limited liability company, Defendant.	SUPERIOR COURT OF NEW JERSEY CHANCERY DIVISION: GENERAL EQUITY ESSEX COUNTY DOCKET NO. ESX-C-204-19 Civil Action **CONSENT ORDER**

THIS MATTER was brought before the Court by Gurbir S. Grewal, Attorney General of New Jersey, on behalf of Christopher W. Gerold, Chief of the New Jersey Bureau of Securities ("Bureau Chief"), pursuant to R. 4:52 and N.J.S.A. 49:3-69(a)(2) of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to - 89 (the "Securities Law") against Defendant First Standard Financial

Company, LLC ("Defendant" or "First Standard") for violations of the Securities Law. Plaintiff through counsel (Brian F. McDonough, Assistant Attorney General, and Andrew H. Yang and Alex Schmidt, Deputy Attorneys General, appearing), and Defendant through counsel (Michael Nacht, Esq. of Carmel, Milazzo & DiChiara, LLP, appearing), have agreed to resolve the issues in controversy set forth in the Verified Complaint filed in this action under the terms set forth in this Consent Order. The Court, having reviewed and approved the terms of this Consent Order, has found good and sufficient cause to enter this Consent Order.

The Bureau Chief makes the following findings of fact and conclusion of law, which First Standard neither admits nor denies:

FINDINGS OF FACT

1. First Standard was formed in New York on or about March 19, 2013.

2. From August 15, 2014 to October 31, 2019, First Standard was registered with the Bureau of Securities ("Bureau") as a broker-dealer, and maintained a main office address of 21 East Front Street, Suite 100, Red Bank, New Jersey. During this time, First Standard was a member of the Financial Industry Regulatory Authority ("FINRA"), and its agents were associated persons of FINRA.

3. On October 31, 2019, the Bureau Chief issued a Summary Revocation Order against First Standard ("Revocation Order")

revoking its broker-dealer registration with the Bureau for engaging in dishonest or unethical business practices in the securities business and failing to reasonably supervise its agents. First Standard did not contest the Bureau Chief's Revocation. The Revocation Order became a final agency decision and remains in full effect.

4. On November 5, 2019, First Standard filed a Form BDW with FINRA, withdrawing its broker-dealer registration.

5. First Standard has a history of hiring and retaining agents with regulatory disclosures. Seventy-six of the 130 agents registered with First Standard had disclosures on their regulatory record at some point between January 2016 and October 2019. These disclosures included customer complaints, arbitration claims, current regulatory investigations, past regulatory actions, liens and judgments, internal investigations by prior firms, and terminations for cause by prior firms.

6. Certain of First Standard's agents engaged in a course of business that included excessive, unsuitable, and unauthorized short-term trading activities in certain customer accounts..

7. In addition, certain of First Standard's agents' engaged in the unauthorized use of margin, misrepresented or omitted to disclose the amount of commissions,and failed to accurately notify customers of the use and costs related thereto.

8. Certain First Standard agents conducted short-term trading in bonds and other securities designed to be held for the long-term and active trading is unsuitable.

9. First Standard generated in excess of $28.7 million in commissions and sales charges from January 1, 2016 to October 31, 2019.

10. Certain of First Standard's agents employed an active trading strategy that maximized commissions without regard to suitability to the firm's customers. This strategy included: (a) executing short-term trades in certain customer accounts in which the commission charges made it unlikely that customers would break even, much less receive a reasonable return; and (b) employing this short-term trading in bonds and other securities intended to be held as long-term investments.

11. The turnover rate measures how often the equity value in an investor's portfolio is traded in a year. Turnover rate is calculated by dividing the total security purchases by the average month-end equity balance in an account, and then annualizing the result. Turnover rates of six or more presumptively indicate excessive trading. Turnover rates of less than six may also be excessive in cases where the level of activity is unsuitable for the investor.

12. The annualized turnover rates of many of the customers at First Standard significantly exceeded six, raising issues that

certain of First Standard's agents recommended trading strategy was excessive and unsuitable for its customers.

13. The cost-to-equity ratio is determined by calculating the sum of the commissions, costs, and other fees in an investor's account, and then dividing the sum by the average equity on an annualized basis. This ratio represents the percentage of investment returns needed to pay the costs and commissions of the brokerage firm and its agent before an investor can profit on his or her investments.

14. The cost-to-equity ratios for many of First Standard's customers generally ranged from approximately 10% to 25%, and were even higher in many accounts. This meant that customers would have to achieve 10% or more in returns just to cover the costs of First Standard's trading strategies. These figures show that certain of First Standard's agents' trading strategies were unsuitable.

15. Between January 15, 2016 to October 7, 2019, customers of First Standard sold over 43% of the securities purchased in their accounts within 30 days of their purchase. 67% of the securities were sold within 90 days of their purchase, and 94% of the securities were sold within one year of their purchase. The following chart illustrates percentages based on holding periods of securities in First Standard's customer accounts from January 15, 2016 to October 7, 2019:

Period (Days)	Percentage of Securities Purchased and Sold Within this Time Period	Cumulative Percentage
0	0.58%	0.58%
31	43.27%	43.85%
60	14.98%	58.83%
90	9.06%	67.89%
120	5.97%	73.87%
150	4.46%	78.33%
180	3.96%	82.29%
270	7.53%	89.82%
360	4.22%	94.04%
Over 360	5.96%	100.00%

16. Between 2017 and 2019, First Standard received customer complaints that had been made to its clearing firm, Hilltop Securities, Inc. ("Hilltop"), which put First Standard on notice of claims of misconduct by certain of its agentsAs of October 28, 2019, there were 31 pending customer complaints against former and current First Standard agents filed between 2018 and 2019, alleging unauthorized, excessive, and/or unsuitable trades executed at First Standard. these complaints are illustrated in the following customers' Statements of Claim filed against First Standard in arbitration with FINRA.

1. **Customer J.V.**

17. Customer J.V. was a 72-year old retired widow when she opened four accounts at First Standard in March 2016. According to her Statement of Claim,[1] her four accounts in total had an opening balance of $2,955,545 in March 2016 and a closing balance

of $1,002,881 in August 2018. She paid First Standard $1,063,101 in commissions and sales credits between March 2016 and July 2018 (this amount was 36% of her initial investment).

18. Beginning in October 2017, and continuing until she closed her accounts, J.V.'s four accounts were concentrated in one low-priced over-the-counter security known as Sito Mobile Ltd.[2] Between October 20, 2017 and October 27, 2017, First Standard purchased 134,000 Sito shares for $1,032,486 in J.V.'s four accounts, which was approximately one-third of the $2.9 million total opening balance in the accounts. Thereafter, First Standard made additional purchases and sales that increased the size of the Sito position to 357,844 shares.

19. In September 2018, when the accounts were closed, there were 110,000 Sito shares left unsold and the price of Sito was $0.87 per share on September 30, 2018. As of that date, J.V.'s total realized and unrealized losses in Sito were $1,573,925. J.V. paid a total of $113,643 in commissions and sales credits over the lifetime of her accounts and lost over $1.5 million.

20. First Standard also traded bonds in J.V.'s accounts. Over a six-week period between August 18, 2016 and October 4, 2016, there were purchases totaling $1,533,583 for Transocean Inc. bonds in J.V.'s accounts, which was one-half of the $2.9 million account opening balance in March 2016. But by October 20, 2016,

just two months after the initial purchases, all of these bonds were sold. These transactions generated sales credits including commissions for First Standard totaling $45,072.

2. **Customer E.D.**

21. Customer E.D was 75 years old when he opened a margin account with First Standard on June 7, 2017. According to First Standard's records, he had a liquid net worth of over $3 million. He opened the account with deposits totaling $1,797,048. Between June 2017 and January 24, 2018, E.D. paid First Standard over $900,000 in commissions and sales credits, plus margin interest. When the account was closed in January 2017, E.D. had realized and unrealized trading losses of $1,673,352. Four of the securities purchased in his account lost more than $1.86 million.

Security	P&L
ADAMIS PHARM COR	-$1,075,513
ENERGOUS CORP	-$320,128
ADVANCED MICRO D	-$292,801
GLOBALSTAR INC	-$172,381
TOTAL	-$1,860,823

22. The First Standard agent on E.D.'s account, William Gennity ("Gennity"), was subsequently barred by the United States Securities and Exchange Commission from the securities industry.

23. On April 16, 2018, E.D. filed a FINRA arbitration against Gennity, First Standard, and First Standard's indirect owner Carmine Berardi ("Berardi"). E.D. discontinued his action against

Berardi and First Standard in return for an undisclosed amount of money, but an award was entered stating, among other things, that Gennity was liable to pay E.D. the full amount of $2,404,376 in compensatory damages and that Gennity's expungement request was denied.

3. **Customer D.P.**

24. D.P. opened an account with First Standard on February 9, 2016. At the time, he was 71 years old. According to First Standard's records, D.P. had a liquid net worth of over $3 million. Between February 9, 2016 and March 9, 2019, D.P. paid First Standard over $1,104,161 in commissions and sales credits, plus margin interest. D.P. had realized and unrealized trading losses of $734,773 during this period. Six of the securities purchased in his account lost more than $1.4 million as set forth below:

Security	P&L
ADAMAS PHARM INC	-$265,083
GLOBALSTAR INC	-$105,736
HTG MOLECULAR DI	-$228,851
NII HOLDINGS INC	-$389,568
SCPHARM INC	-$252,813
SITO MOBILE LTD	-$229,737
	-$1,471,788

4. **Customer J.M.**

25. J.M. is a 72-year old farmer of approximately 2,500 acres of corn and beans, with cattle operations. He received a cold-call from Gennity who, unbeknownst to J.M., had been employed by ten different firms, had seven (7) customer complaints, and was

the subject of a regulatory action by the SEC. J.M. has filed a Statement of Claim in arbitration with FINRA[3] which alleges that First Standard turned J.M.'s account over 34 times and that the annualized cost-to-equity ratio was 103.5%. J.M. alleges that he lost $98,198 and that over 80% of the positions were held for less than thirty days.

5. **Customer J.B.**

26. Customer J.B. is a 57-year old truck driver earning $28,000 per year. According to J.B.'s Statement of Claim in arbitration with FINRA,[4] First Standard engaged in excessive trading in J.B.'s account, causing J.B. approximately $135,026 in losses and generating approximately $103,109 in commissions.

27. Between 2015 and 2018, J.B.'s accounts experienced an annualized turnover rate of 9.4 times, and a combined annualized cost-to-equity ratio of over 46%. J.B. sustained a combined loss in his accounts of approximately $133,643 and paid a total of $103,106.68 in commissions.

28. As numerous First Standard agents left the firm during the first half of 2019, their accounts were transferred to former First Standard agent Philip J. Sparacino ("Sparacino").

29. Since at least June 2019 through October 8, 2019, Sparacino engaged in a pattern of unauthorized, excessive, and unsuitable trading activity in the accounts of certain customers of First Standard. In April and May 2019, Sparacino generated a

total of only $24,258 in commissions. By comparison, from June 1, 2019 through October 4, 2019, Sparacino generated $1,452,514 in commissions and fees.

30. As described in the examples below, Sparacino accomplished this volume of trading and commission generation by engaging in unauthorized trading, using margin without authorization, misrepresenting the amount of commissions to customers, and excessive trading, as illustrated by the examples below.

6. **Customer P.B.**

31. In or about August 2019, Customer P.B. received a phone call from Sparacino advising her that he was taking over P.B.'s account because the previous broker had left the firm. P.B. did not authorize Sparacino to execute any trades, but, following their conversation, P.B. received another phone call from Sparacino informing her that he had sold the stocks in her account and purchased new ones with the proceeds.

32. P.B. called Sparacino to complain about the commissions. Sparacino claimed that it was customary to charge up to 50%, half the transaction cost, for commissions. Sparacino told P.B. that he would nonetheless refund her the commissions. P.B. only received a $420.00 commission refund.

33. In one instance, Sparacino intimated to P.B. that he had inside information about a company in negotiations with the

Chinese government and advised her that he had purchased its shares for her account. However, a few days after buying shares in the company, Sparacino sold them again without an explanation and without P.B.'s authorization.

34. P.B. emailed Sparacino on October 2, 2019, clarifying that he was not authorized to engage in any trading in the account without her authorization.

35. On August 5, 2019, immediately prior to Sparacino executing the first transaction for P.B., the total value of securities in P.B.'s account was $34,872. From August 5, 2019 to September 25, 2019, Sparacino's trading activity generated at least $8,565 in commissions and fees - almost 25% of the $34,872 account value - from his unauthorized activity.

7. **Customer C.L.**

36. On August 23, 2019, C.L. received a phone call from Sparacino who stated that he had inherited C.L.'s account at First Standard and was now in charge of the trading in the account. C.L. told Sparacino not to engage in any trading because he did not want to pay any commissions, and explained that he intended to transfer the account to another institution.

37. On August 26, 2019, C.L.'s account was transferred out of First Standard to the other financial institution. But, several days later, C.L. received a trade confirmation for the First Standard account showing commission and fee charges of

approximately $3,000.

38. Without C.L.'s knowledge, and despite his instructions to the contrary, Sparacino had sold C.L.'s two stock positions and subsequently purchased another stock using the sale proceeds and the $40,000 C.L. had left in the account.

39. C.L. subsequently had a conversation with Sparacino and First Standard's Chief Compliance Officer Michael Leahy, demanding that they reverse the commissions and fees charged for the unauthorized trades. In early October 2019, Sparacino finally assured C.L. that a refund check was being mailed to him, along with a statement characterizing the entire episode as a misunderstanding, which C.L. would have to sign. The improper commission charges were ultimately refunded to C.L.

8. Customer R.C.

40. In or about September 2019, Sparacino inherited Customer R.C.'s account from another agent who had left the firm and started trading R.C.'s account on margin without authorization. Sparacino's unauthorized trading resulted in a margin deficit in R.C.'s account and commission charges totaling over $34,000 within a few weeks.

41. When R.C. contacted Sparacino, Sparacino claimed that the commissions were charged as a mistake, and that any charges would be reversed. To date, however, R.C. is not aware of any

refunds entered for those charges or that the unauthorized trades have been reversed.

42. On September 18, 2019, immediately prior to Sparacino recommending and executing the first transaction for R.C., the total value of securities in the account of R.C. was approximately $265,090. From September 20, 2019 to September 26, 2019, Sparacino's trading activity generated at least $66,418 in commissions and fees - almost a quarter of the $26,090 value of the securities in R.C.'s account.

9. **<u>Customer M.E.</u>**

43. In September 2019, Customer M.E. received a phone call from Sparacino who advised him that his previous broker was terminated due to low performance. Sparacino recommended purchasing CyberArk Software Ltd. ("CYBR") and holding it for about two weeks. M.E. agreed to the purchase of CYBR and, on September 20, 2019, Sparacino purchased approximately $149,000 of CYBR in M.E.'s account and charged $6,219 in commissions.

44. On September 23, 2019, M.E. received another phone call from Sparacino, who recommended M.E. sell the CYBR shares and purchase another stock. M.E. refused to sell. The next day, Sparacino called again attempted to persuade M.E. to sell the CYBR shares and purchase another stock. Again, M.E. instructed Sparacino not to sell the shares. Nevertheless, on September 26, 2019, Sparacino sold the shares without authorization and again

charged $6,687 in commissions.

45. On September 18, 2019, immediately prior to Sparacino recommending and executing the first transaction for M.E., the total value of securities in the account of M.E. was approximately $160,327. In less than a week, September 20, 2019 to September 26, 2019, Sparacino's trading activity generated at least $13,538 in commissions and fees. First Standard subsequently refunded approximately $13,000 in charges to M.E.

10. **Customer D.D.**

46. On September 20, 2019, Customer D.D. received a phone call from Sparacino informing him that D.D.'s previous broker had left the firm and that Sparacino would now be handling the account. Sparacino promised that he would not charge any commissions on trades that D.D. ordered. Despite his representation that there would be "no commissions" charged, Sparacino charged D.D. approximately $7,000 (4.4%) in commissions and fees for transactions he entered after their conversation.

47. Further, within a few days, Sparacino entered several transactions to buy and sell shares without D.D.'s authorization or knowledge. Sparacino charged D.D. additional commissions and fees of approximately $6,000 related to these transactions. D.D. reached out to complain about the unauthorized trades and commissions. D.D. was told that his money would be returned and was asked to sign a release statement that characterized the

incident as a misunderstanding.

48. On September 18, 2019, immediately prior to Sparacino recommending and executing the first transaction for D.D., the total value of securities in the account of D.D. was approximately $81,007. In just three days, from September 20, 2019 to September 23, 2019, Sparacino's trading activity generated at least $14,091 in commissions and fees from the unauthorized activity.

11. Customer V.H.

49. On September 19, 2019, Sparacino sold a security from Customer V.H.'s account and charged her a commission on the transaction without her knowledge or authorization. After receiving a trade confirmation disclosing the sale, V.H. authorized her husband to contact First Standard's Chief Compliance Officer Leahy, regarding Sparacino's unauthorized transaction.

50. On September 18, 2019, immediately prior to Sparacino recommending and executing the first transaction for V.H., the total value of securities in the account of V.H. was approximately $48,303. From September 19, 2019 to September 25, 2019, Sparacino's trading activity generated at least $4,163 in commissions and fees.

12. Customer M.M.

51. In mid-August 2019, Customer M.M. received several phone calls from an unidentified number. M.M. returned these calls and

reached Sparacino. Sparacino informed M.M. that his previous broker had left the firm and that Sparacino would now be handling the account. According to Sparacino, the account was underperforming. Sparacino recommended selling the stocks in M.M.'s account and purchasing new stocks. M.M. agreed. M.M. complained to Sparacino and First Standard about the high commissions charged, which approximated $13,000. Sparacino and First Standard assured M.M. that the commissions would be less in the future.

52. Sparacino subsequently recommended additional purchases and sales in M.M.'s account, charging excessive commissions exceeding $25,000 altogether on the transactions. M.M. was advised by First Standard that the $7,962 commission on the last transaction would be credited back to M.M.'s account.

53. On August 19, 2019, immediately prior to Sparacino recommending and executing the first transaction for M.M., the total value of securities in the account of M.M. was approximately $309,399. From August 20, 2019 to September 25, 2019, Sparacino's trading activity generated at least $39,233 in commissions and fees.

54. On October 8, 2019, Sparacino's registration was revoked by the Bureau. Following the revocation of Sparacino's registration in New Jersey, First Standard instructed Hilltop to suspend Sparacino's ability to log in to the system to place

trades. On October 9, 2019, however, First Standard clarified that the suspension of Sparacino's log in was only temporary because they were "in process [sic] of moving him to New York."

CONCLUSIONS OF LAW

55. First Standard's overall conduct described above constitute violations of the Securities Law.

56. First Standard, through certain agents, made materially false and misleading statements to certain customers, including, by advising certain customers that they would not be charged commissions for transactions. Certain agents of First Standard also omitted to state material facts to certain customers, including:

a. the amount of commissions to be charged for certain trades;

b. the margin trading would be executed in the customer's account; and

c. that the agent would engage in unauthorized, excessive, and/or unsuitable trading.

57. Each omission of a material fact and each materially false or misleading statement is a violation of N.J.S.A 49:3-52(b).

58. First Standard, through certain agents, also engaged in acts, practices, or course of business which operated or would operate as a fraud or deceit upon certain customers, including, by facilitating a pattern of unauthorized, excessive, and/or

unsuitable trading activity by its agents in the accounts of several customers, charging commissions and fees despite any assurances to the contrary, and/or by omitting the amount of the commissions and fees.

59. Each act, practice, or course of conduct that operated as a fraud or deceit upon First Standard customers is a violation of N.J.S.A. 49:3-52(c).

THEREFORE, based on the Bureau Chief's foregoing findings of fact and conclusions of law, and determination that it is in the public interest to enter into this Consent Order,

IT is on the _____ day of __________, 2020 **ORDERED and AGREED** that:

PERMANENT INJUNCTION

60. First Standard (individually and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under its control or direction) is PERMANENTLY ENJOINED AND RESTRAINED from directly or indirectly:

a. violating the Securities Law;

b. applying to the Bureau for registration in any capacity;

c. engaging in the securities business in New Jersey in any capacity;

d. issuing, offering for sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities, or advising regarding the sale of any securities, in any manner to, from or within New Jersey; and

e. engaging in the conduct described in the Verified Complaint.

RESTITUTION

61. Restitution shall be paid in part from First Standard's assets that were frozen by the Court initially pursuant to its October 31, 2019 Ex Parte Order to Show Cause for Temporary Restraints Pursuant to R. 4:52 and continued to be frozen under subsequent orders issued by the Court (the "Asset Freeze). These include two accounts at TD Bank, #xxx0921 and xxx0939 ("TD Bank Accounts"), and money in a clearing account at Hilltop ("Hilltop Account") (collectively the "Frozen Assets").

62. First Standard surrenders all claims to the Frozen Assets with the exception of $25,000, which shall be released to First Standard and used for the sole purpose of payment toward the premium (the "Insurance Premium") for insurance coverage under the Lloyds Broker/Dealer Professional Liability Policy, policy # B1262FI136719, effective from September 15, 2019 through September 15, 2020, purchased by First Standard (the "Policy"). Within

thirty days of entry of this Consent Order, First Standard shall provide written proof of its compliance with this paragraph to the Bureau.

63. First Standard, its members, and direct and indirect owners shall take such actions as are necessary and required by the Policy to pay all other premiums and to maintain the Policy coverage through September 15, 2020No employee, attorney, official or representative of the Bureau or the State of New Jersey shall have any responsibility to any person regarding the Policy.

64. The freeze on the funds in the TD Bank is hereby lifted. This Consent Order shall serve as sufficient authority for and directive to TD Bank to distribute the funds in the TD Bank Accounts within ten days of receipt of this Consent Order as follows: (1) $25,000 shall be paid to Carmel, Milazzo & Feil, LLP, counsel for First Standard, to be used solely for the purposes of payment of the Insurance Premium as set forth in this Order; and (2) all remaining funds in the TD Bank Accounts shall be turned over and payable to the "Bureau of Securities" to be distributed to First Standard's customers for partial restitution.

65. The freeze on the funds in the Hilltop Account is hereby lifted. This Consent Order shall serve as sufficient authority for and directive to Hilltop to distribute the funds in the Hilltop Account within ten days of receipt of this Consent Order as follows: (1) $75,000 shall be turned over and payable to the

Bureau of Securities to be distributed to First Standard's customers for partial restitution; and (2) the remaining funds in the Hilltop Account will no longer be subject to the Asset Freeze.

66. The partial restitution to be distributed by the Bureau of Securities to First Standard's customers from those portions of the Frozen Assets turned over and paid to the Bureau of Securities shall be paid in accordance with the schedule annexed as Exhibit A to this Consent Order, with each investor listed in Exhibit A to receive a percentage of the assets available for restitution that is the same as the percentages listed for each investor on Exhibit A.

67. The amount of restitution assessed in this Consent Order is based on financial records supplied to the Bureau by First Standard representing that First Standard has no more than *de minimis* assets other than the Frozen Assets. The Bureau Chief reserves the right to move before the Court to vacate this Consent Order and restore this action to its active docket if the Bureau Chief subsequently learns that First Standard misrepresented its assets and financial status to the Bureau Chief in connection with this settlement.

ADDITIONAL PROVISIONS

68. First Standard acknowledges and agrees that the Revocation Order is a final agency decision, which remains in full force and effect.

69. First Standard shall not falsely represent or imply that any act or practice hereinafter used or engaged in by First Standard has been required or approved, in whole or part, by the State of New Jersey, the Attorney General of New Jersey, the Division of Law, the Bureau, or any New Jersey agencies, agents, employees, or subdivisions. Notwithstanding the foregoing, nothing in this paragraph will prohibit First Standard, or any of its agents or employees, from raising all available defenses, and making any statement relating thereto, in any arbitration or other legal proceeding initiated by any former customer of First Standard, including but not limited to those customers previously named herein.

70. Any person with actual or constructive notice of this Consent Order who aids, abets, counsels, commands, or instructs any person or entity to perform any act prohibited by this Consent Order shall be subject to any and all actions available at law and in equity to the Bureau Chief.

71. Defendant waives any right it may have to appeal this Consent Order.

72. This Consent Order constitutes the entire agreement between First Standard and the Bureau Chief. This Consent Order is a complete and exclusive statement of the terms of the agreement among the parties with respect to its subject matter. No employee, attorney, official or representative of the Bureau or the State of New Jersey has made any additional promise or representation to Defendant regarding this Consent Order.

73. Nothing in this Consent Order shall be construed to limit or affect any position or action that the Bureau and/or Bureau Chief may take in any future or pending investigation or action not specifically encompassed herein including, but not limited to, any future or pending investigation or action involving First Standard's members, former or present officers, directors, agents, employees, successors, affiliates, assigns, parent entities, and/or subsidiaries.

74. Nothing in this Consent Order shall in any manner be construed to limit or affect the rights of any persons not a party hereto including, but not limited to, any person who may have a claim against First Standard in connection with any allegations that refer or relate in any way to the allegations in the Bureau Chief's Verified Complaint. Nothing herein shall prevent First Standard from defending any and all such claims in its discretion or from pursuing claims against such person not a party thereto..

75. First Standard represents that an authorized

representative of First Standard has signed this Consent Order with full knowledge, understanding, and acceptance of its terms and that this person has done so with authority to legally bind First Standard.

76. First Standard represents that it has had a full and complete opportunity to consult with counsel before signing this Consent Order.

77. The terms and conditions of this Consent Order may only be modified by written consent of the parties or by order of this Court.

78. The Court retains jurisdiction to enforce, modify, or otherwise hear any application arising from the terms of this Consent Order.

79. The parties acknowledge that for purposes of enforcement of this Consent Order, New Jersey law shall govern the terms and provisions herein.

80. If any portion of this Consent Order is held invalid or unenforceable by operation of law or court order, the remaining terms of this Consent Order shall remain in full force and effect.

81. First Standard shall not assert any defenses or otherwise raise any challenge to this Consent Order. First Standard hereby waives any right to assert any defenses or to raise any challenge that it otherwise may have to the terms of this Consent Order.

82. This Consent Order may be signed in counterparts and by facsimile, each of which shall be deemed an original.

Dated: December 4, 2020

Hon. James R. Paganelli, J.S.C.

Consent to the Form, Content, and Entry of
this Consent Order:

DEFENDANT FIRST STANDARD FINANCIAL COMPANY, LLC
21 East Front Street, Suite 100
Red Bank, New Jersey 07701

By: ______________________ Dated: 9/8/20
Michael Leahy
Chief Compliance Officer & Custodian of Record

VICTORIA CLAPS
NOTARY PUBLIC OF NEW JERSEY
Comm. # 50094972
My Commission Expires 12/7/2023

CARMEL, MILAZZO & FEIL, LLP
55 West 39th Street, 18th Floor
New York, New York 10018
Counsel for Defendant

By: ______________________ Dated: 9/14/2020
M[illegible] D. N[illegible], Esq.
Attorney ID No. 081362014

GURBIR S. GREWAL
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Newark, New Jersey 07101
Counsel for Plaintiff

By: ______________________ Dated: 9/21/2020
Brian F. McDonough
(Attorney ID No. 026121980)
Assistant Attorney General

Schedule A to Grewal v. First Standard Financial Company, LLC Consent Order - Restitution

Client Initials	Partial Account Number (s)	Aggregate Commissions (Incl sales charges & fees)	Aggregate Commissions as a Percentage of Restitution Funds	Restitution to Be Paid (Frozen Assets Multiplied by % of Restitution Funds)
LA & SA JTWROS	4142, 4856	$122,697.40	0.0146	$5,937.96
RA	2451	$20,001.60	0.0024	$967.98
PHA	5180	$46,287.71	0.0055	$2,240.10
RB1	3052	$230,990.88	0.0274	$11,178.84
JB1 IRA	2568	$95,420.79	0.0113	$4,617.90
PB1	7599	$304,104.13	0.0361	$14,717.16
PB1 IRA	9108	$48,935.27	0.0058	$2,368.23
PEB & MAB JTWROS	5274	$7,807.01	0.0009	$377.82
MAB	4237	$1,665.91	0.0002	$80.62
PEB IRA	3127	$254.46	0.0000	$12.31
MAB IRA	3974	$120.05	0.0000	$5.81
WAB	5311	$1,106.93	0.0001	$53.57
RB2	7104, 9543, 0312	$13,365.95	0.0016	$646.85
BB	9897	$186,277.47	0.0221	$9,014.92
PB2	5745	$9,175.35	0.0011	$444.04
DLB	4325	$106,475.67	0.0126	$5,152.90
JB2	8912	$53,252.36	0.0063	$2,577.16
JB2 R/O IRA	1821	$13,130.91	0.0016	$635.47
TB	7407	$96,750.33	0.0115	$4,682.25
EEC	9069	$15,466.91	0.0018	$748.52
JC & LC JTWROS	2101	$99,976.61	0.0119	$4,838.38
LC Roth IRA	9132	$84.94	0.0000	$4.11
JSC	1020	$14,778.53	0.0018	$715.21
KC	4372	$667,851.47	0.0793	$32,320.76
VC	6529	$78,910.80	0.0094	$3,818.90
RC	2162	$124,115.52	0.0147	$6,006.59
AC	8979, 2897, 1535, 3097	$68,913.39	0.0082	$3,335.07
SC	6925	$27,634.05	0.0033	$1,337.35
SC IRA	1952	$384,315.15	0.0456	$18,598.98
DAC	3079	$32,472.84	0.0039	$1,571.53
RD	6254	$350,814.71	0.0417	$16,977.73
RD Roth IRA	7209	$7,268.37	0.0009	$351.75
RPD	1112	$40,438.06	0.0048	$1,957.01
MJD	7830	$114,799.14	0.0136	$5,555.72
DD	2041	$54,597.03	0.0065	$2,642.23

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BE	5207	$25,086.39	0.0030	$1,214.06
BETF	7926	$62,709.77	0.0074	$3,034.85
DF	4375	$13,416.78	0.0016	$649.31
DF Ben AF (dcsd) Ben IRA	2466	$638.29	0.0001	$30.89
SF & LF JTTEN	8229	$245,851.64	0.0292	$11,898.02
LAG & PG JTWROS	3916, 9992	$125,240.49	0.0149	$6,061.03
PG IRA	1157	$3,484.46	0.0004	$168.63
LAG IRA	4906	$32,042.92	0.0038	$1,550.72
PG Ben MPB (dcsd) Ben IRA	9024	$71,578.47	0.0085	$3,464.05
LAG Roth IRA	1468	$21,452.37	0.0025	$1,038.19
PG Roth IRA	183	$25,892.49	0.0031	$1,253.07
KG	6668	$6,398.73	0.0008	$309.67
IG	2561	$30,619.78	0.0036	$1,481.85
CG	8421	$6,419.95	0.0008	$310.69
SRH	1262	$12,353.77	0.0015	$597.86
JH	3336	$72,131.49	0.0086	$3,490.81
PGH & PB3 POA JTWROS	9821	$92,417.03	0.0110	$4,472.53
PGH POA PEB	6712	$18,272.61	0.0022	$884.31
CTH	8626	$2,052.86	0.0002	$99.35
VLH IRA	9178	$8,216.14	0.0010	$397.62
GWJ	2770	$97,875.80	0.0116	$4,736.71
CJ	1380	$19,030.67	0.0023	$920.99
LAK IRA	7924	$35,935.50	0.0043	$1,739.10
RK IRA	2009	$22,860.79	0.0027	$1,106.35
RK & LK JTWROS	2995	$129,067.55	0.0153	$6,246.24
RK Ben MK (dcsd) Ben IRA	1720	$27,561.46	0.0033	$1,333.84
LK	8787	$49,641.74	0.0059	$2,402.42
RSK	1803	$62,807.28	0.0075	$3,039.57
WJK	7779	$112,716.51	0.0134	$5,454.93
GL1	3655	$29,215.00	0.0035	$1,413.86
GL2	9716, 0953, 2912	$19,329.18	0.0023	$935.44
CL	8523, 5136	$54,149.17	0.0064	$2,620.56
SOL	2998, 0037	$5,696.81	0.0007	$275.70

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JCM TTEE, JCM Rev Trust, Tr Date 1/15/2007	275	$18,097.81	0.0021	$875.85
MEM	8936	$291,226.01	0.0346	$14,093.92
MJM	1368	$73,866.64	0.0088	$3,574.79
MBFC	2731, 3219	$17,093.19	0.0020	$827.23
NM	4220	$13,513.33	0.0016	$653.98
PN	7442	$10,301.99	0.0012	$498.57
WP	5586	$35,038.83	0.0042	$1,695.71
HTR	5424	$66,761.63	0.0079	$3,230.94
AR	3318	$57,355.29	0.0068	$2,775.72
PS	2569	$13,915.64	0.0017	$673.45
RS1 IRA	9394	$14,117.36	0.0017	$683.21
RS1	6988, 4259	$39,140.20	0.0046	$1,894.20
MSJ Rev Trust, MSJ TTEE UAD 01/26/2016	2360	$11,641.59	0.0014	$563.40
MSJ	1598, 6695	$164,965.55	0.0196	$7,983.53
MSJ & AMS TEN COM	7482	$1,829.18	0.0002	$88.52
RCS IRA R/O	423	$131,506.04	0.0156	$6,364.25
RS2	8258	$35,660.18	0.0042	$1,725.78
DGS	2823	$88,209.47	0.0105	$4,268.91
AS	9491	$187,694.99	0.0223	$9,083.52
JRS	6833, 3814	$18,446.18	0.0022	$892.71
ES	3661	$30,665.87	0.0036	$1,484.08
JSS	4121	$19,173.65	0.0023	$927.91
BJS	1320	$64,693.11	0.0077	$3,130.83
SI ASJS	8341	$67,809.32	0.0081	$3,281.64
GS	8930	$18,294.71	0.0022	$885.37
AES	5884	$11,407.59	0.0014	$552.07
JYS	8399	$11,901.18	0.0014	$575.96
SSI PSP SS TTEE	2718	$59,653.95	0.0071	$2,886.96
JFS	1864	$13,705.05	0.0016	$663.26
JT	2787	$42,809.51	0.0051	$2,071.77
TT	2216	$7,438.90	0.0009	$360.01
JV IRA	1457	$515,195.96	0.0612	$24,932.98
JV Trust JV TTEE UAD 05/18/1999	5162	$161,856.56	0.0192	$7,833.07
JV	7845	$113,028.61	0.0134	$5,470.03

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V Credit Shelter Tr U/A KY TTEE JU TTEE UAD 05/18/1999	3115	$282,991.57	0.0336	$13,695.42
DWW	9480	$164,872.93	0.0196	$7,979.05
RPW	2509	$333,724.15	0.0396	$16,150.63
DLW	7420	$8,696.41	0.0010	$420.86
SEW (dec'd)	9416	$130,169.98	0.0155	$6,299.59
RW	1474	$88,881.53	0.0106	$4,301.43
Totals		$8,419,773.23	1.0000	$407,476.07

These amounts represent the Bureau of Securities' understanding that the amount available for restitution will be $407,476.07. In the event the actual amount remaining for restitution is different from that number, then the payments will be adjusted so that each investor receives the same pro rata share of the actual amount available for restitution as they would receive of $407,476.07.