FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Noble Financial Capital Markets CRD No. 15768, and Nicolaas Petrus Pronk CRD No. 1726101, Respondents.	DISCIPLINARY PROCEEDING NO. 2013035740901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From April 2011 through September 2011 (the "Relevant Period"), Respondents Noble Financial Capital Markets ("Noble") and Noble's President, Nicolaas Petrus Pronk, defrauded seven customers by recommending and selling nearly a million shares of AdCare Health Systems, Inc. ("AdCare") common stock (ticker symbol: ADK) to them without disclosing Noble's multiple and material conflicts of interest.

2. Respondents promoted and recommended ADK to prospective investors to profit from Noble's undisclosed investment banking relationships with AdCare and their undisclosed arbitrage of AdCare securities, which created a financial incentive for Respondents to recommend ADK to customers. Pronk retained ultimate control over all Firm activities including

proprietary trading, sales, investment banking, and the decision to initiate and prioritize the promotion and sale of ADK.

3. To boost the sale of ADK, Respondents aggressively promoted and solicited purchases of ADK by: issuing research through Noble's Research Department; conducting non-deal road shows through Noble's Investment Banking and Institutional Sales and Trading Departments; and, contacting prospective investors, primarily institutions, through registered representatives in Noble's Institutional Sales and Trading Department ("Brokers").

4. Respondents also provided the Brokers with a misleading sales script to use when soliciting prospective investors in ADK.

5. While selling ADK, Respondents knowingly or recklessly failed to inform the seven customers who purchased ADK about four material conflicts of interest:

a. First, that AdCare paid Noble $6,000 a month to provide advisory services to AdCare pursuant to an Advisory Agreement entered into with AdCare in February 2011 ("Advisory Agreement");

b. Second, that Noble agreed to raise capital for AdCare in return for a seven percent cash fee on the total gross proceeds generated from the exercise of both publicly-traded and privately-held AdCare warrants (ticker symbol: "ADK.WS") pursuant to an addendum to the Advisory Agreement executed in April 2011 ("Warrant Agreement");

c. Third, that Noble promised the Brokers extraordinary incentive compensation, in addition to the normal commissions, to promote and solicit sales of ADK; and,

d. Finally, that Respondents were engaged in a speculative arbitrage trading strategy in ADK and publicly-traded AdCare warrants.

6. In connection with the arbitrage, Respondents, through Noble's proprietary accounts, purchased and held ADK.WS and sold short ADK to its customers. Later, Noble exercised the warrants it held long and, using the common shares it received through the exercises, covered its short position in ADK.

7. Respondents engaged in the arbitrage to profit from the spread between the cost of buying and exercising ADK.WS and the proceeds generated by short-selling ADK, and to generate Noble's seven percent fee under the Warrant Agreement.

8. By engaging in the foregoing fraudulent conduct, Respondents willfully violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and also violated FINRA Rules 2020 and 2010.

9. From May 13, 2011 to July 18, 2011, Noble also failed to borrow or find locates for 53 short transactions Noble effected in connection with a speculative arbitrage in ADK and ADK.WS, and therefore willfully violated Rule 203(b)(1) of Regulation SHO promulgated under the Exchange Act ("Regulation SHO") and violated FINRA Rule 2010.

10. In addition, in 2011, Noble initiated research on AdCare and issued 16 research reports (the "16 Reports") that failed to disclose that Noble had a current client relationship with AdCare and that Noble expected to receive, or intended to seek, compensation from its investment banking activities with AdCare in the three months that followed the issuance of the

reports. By engaging in the foregoing conduct, Noble violated NASD Rules 2711(h)(2)(A)(ii)c and (h)(2)(A)(iii)b[1] and FINRA Rule 2010.

RESPONDENTS AND JURISDICTION

A. Noble Financial Capital Markets

11. Noble became registered with FINRA in 1984 and is headquartered in Boca Raton, Florida. Noble has five branch offices, and employs 38 registered individuals. Noble is primarily engaged in proprietary trading, market making, investment banking, advisory services, institutional trading, and equity research. At all relevant times, Noble was wholly owned by Noble Financial Group, Inc., a holding company in which Pronk held a 50% ownership interest, and Pronk served as Noble's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President and head of Investment Banking.

B. Nicolaas Petrus Pronk

12. Since 1988 Pronk has been registered with Noble as a General Securities Representative (Series 7), General Securities Principal (Series 24), Financial and Operations Principal (Series 27). In 1989, Pronk passed the Registered Options Principal Exam (Series 4). Pronk also became registered with Noble as a Municipal Securities Representative (Series 52), Municipal Securities Principal (Series 53), Investment Banking Representative (Series 79), and Operations Professional (Series 99).

13. At all relevant times, Pronk exercised the requisite degree of responsibility and authority to affect the conduct of all employees at Noble and made all major decisions at the

[1] NASD Rule 2711 was superseded by FINRA Rule 2241 effective April 5, 2012 and October 11, 2012. The allegations herein relate to NASD Rule 2711 in effect between April 7, 2008 and October 10, 2012.

firm. Pronk controlled the operations of Noble through his authority to hire and fire brokers and other Firm employees and by exercising ultimate authority to direct Noble's policies, procedures, finances, and personnel.

FACTS

A. Noble's Relationship with AdCare

14. In 2011, AdCare developed, owned, and managed retirement communities, assisted living facilities, nursing homes, and provided home health care services.

15. At all relevant times, AdCare's common stock (ADK) traded on the NYSE Amex.

16. On or about February 28, 2011, Noble entered into the Advisory Agreement with AdCare to render financial advisory services, to assist AdCare with its capital markets exposure, and to increase AdCare's shareholder base with institutional investors.

17. Under the Advisory Agreement, Noble also agreed to promote and market AdCare by: assisting with the preparation of marketing materials; conducting non-deal roadshows with institutional investors; and, advising and assisting the company to structure and negotiate any proposed financing.

18. The Advisory Agreement went into effect on May 1, 2011 and was scheduled to end on December 31, 2011.

19. By the terms of the Advisory Agreement, AdCare agreed to pay Noble as compensation for its services: (a) a financial advisory fee of $6,000 per month and (b) five-year cash warrants exercisable for 50,000 shares of the Company's common stock.

20. Between June 2011 and December 2011, AdCare paid Noble a total of $42,000 in fees for services Noble performed under the Advisory Agreement.

21. Pronk knowingly or recklessly did not disclose, or take any steps to ensure that the Brokers disclose, to the seven customers to whom they recommended and sold ADK, that AdCare was a Noble client, and that Noble entered into the Advisory Agreement and expected to receive compensation from that agreement.

22. Neither the existence nor terms of the Advisory Agreement were made public in 2011 through a filing with the Securities and Exchange Commission ("SEC"), press release, or other public announcement.

23. On or about April 12, 2011, Noble and AdCare signed the Warrant Agreement, an addendum to the Advisory Agreement, engaging Noble as the "exclusive warrant solicitation agent...in connection with the 2,788,500 common stock warrants exercisable at $2.38" to raise up to $6,636,630 of capital for AdCare. Approximately 1.4 million of those warrants were publicly traded on NYSE Amex.

24. Noble was entitled under the Warrant Agreement to a seven percent cash fee on the total aggregate gross proceeds generated from all warrant exercises. This provided Noble with the opportunity to earn as much as $464,564 if all outstanding warrants were exercised. Additionally, the Warrant Agreement provided that, upon exercise of 95% of common warrants outstanding, Noble would be granted the right to become AdCare's exclusive placement agent or sole-underwriter in other investment banking deals prior to December 31, 2011.

25. AdCare could call the warrants if:

a. The common stock underlying the warrants was registered pursuant to a registration statement filed with, and declared effective by the Securities and Exchange commission; and,

b. The closing sale price of the common stock on the NYSE Amex was at or above $6.00 per share for ten consecutive trading days during which the average trading volume for such ten day period was at least 40,000 shares.

26. If ADK met the trading criteria required for a warrant call and AdCare issued a call notice, warrant holders had the option to: (a) tender the warrants at an exercise price of $2.38 and, for each warrant, receive 1.05 shares of ADK; or, (b) allow the warrants to expire and receive ten cents per warrant from the issuer. Warrant holders had 30 days to exercise their warrants once the Company issued a call notice.

27. Before Noble and AdCare entered into the Warrant Agreement in April 2011, ADK's highest closing price since its initial public offering in 2006 was $5.09 and ADK never had trading volume of 40,000 shares or more for consecutive days.

28. Neither the existence nor terms of the Warrant Agreement were made public in 2011 through a filing with the SEC, press release, or other public announcement.

29. Pronk knowingly or recklessly did not disclose, or take any steps to ensure that the Brokers disclose, to the seven customers to whom they recommended and sold ADK that AdCare was a Noble client, and that Noble entered into the Warrant Agreement and expected to receive compensation from that agreement.

B. Noble and Pronk Aggressively Promote and Solicit Purchases of ADK in Order to Allow AdCare to Call the Warrants

30. After execution of the Warrant Agreement, AdCare provided Noble with a list of AdCare warrant holders with corresponding contact information. Despite being provided information on AdCare warrant holders, Noble and Pronk did not have the Brokers contact AdCare warrant holders to solicit them to exercise AdCare warrants.

31. Instead, during the Relevant Period, Noble and Pronk designed and implemented an aggressive, multi-pronged campaign to promote and solicit purchases of ADK in order to make the warrants callable by AdCare (*i.e.*, by increasing the price of ADK above $6.00 with an average volume of at least 40,000 shares per day over a ten day period). Pronk made the promotion and solicitation of ADK a top sales priority for Noble.

32. Noble's campaign included: initiating favorable research coverage on AdCare; conducting non-deal road shows; and contacting prospective buyers, primarily institutions, that were either existing customers or subscribed to Noble's research.

33. Between May 31, 2011 and September 27, 2011, in furtherance of its sales campaign to sell ADK, Pronk and three Brokers sold an aggregate of 863,930 shares of ADK to seven customers for a total of $5,034,997.44. Noble generated $34,991.50 in commissions from these sales.

34. Pronk directly recommended and sold 35,200 of those 863,930 shares to one of the seven customers for $180,791.58.

35. As part of its aggressive sales campaign, Noble, through ST, the head of Noble's Institutional Sales and Trading and Healthcare Investment Banking Group, prepared and distributed to the Brokers and Pronk a misleading sales script entitled, "AdCare Objections and Counters," that made unsubstantiated predictions about ADK's future performance that were inconsistent and more favorable than described in Noble's research reports. For example, the sales script stated, "Let me put you on a call with [MP, Noble's Senior Research Analyst] – we see a 2x to 5x return on this name in the next 12-24 months!" at a time when the Noble's research reports approximated a 2x return on ADK shares.

36. Pronk knew or was reckless in not knowing that the misleading sales script was distributed to the Brokers for purpose of pitching ADK and generating buy orders.

1) Noble Issues Favorable Research on AdCare that Failed to Comply with FINRA's Research Report Disclosure Requirements

37. **On May 11, 2011, Noble initiated research coverage of AdCare through MP** ("May 11 Report").

38. The initiation of research for AdCare required approval of Noble's Stock Selection Committee. Pronk was the most senior person on the Stock Selection Committee that approved the initiation of research for AdCare.

39. MP's May 11 Report, entitled, "*Under the Radar Operator Becoming Significant Player in Skilled Nursing Space*," included a "Buy" recommendation for ADK and a target price of $9.00.

40. Between May 11, 2011 and December 5, 2011, Noble issued 16 Reports that failed to disclose that AdCare was a current client of Noble's and that Noble expected to receive or intended to seek compensation from AdCare for investment banking services.

41. At all times between May 11, 2011 and December 5, 2011, when Noble issued the 16 Reports, the Company was a client of Noble, having previously entered into the Advisory Agreement and Warrant Agreement.

42. Each of the 16 Reports included a "Buy" recommendation on ADK and issued a 12 to 18 month target price of $9.00 or $10.00 per share.

43. No later than May 11, 2011, Noble began providing services pursuant to the terms of the Advisory Agreement and Warrant Agreement and expected to receive or intended to seek compensation from AdCare for those investment banking services in the next three months.

44. On or about May 13, 2011, Noble issued an invoice to AdCare for $6,000 for "monthly advisory fee, May 2011" with a note on the invoice stating that it was "due upon receipt payable to Noble Financial Capital Markets."

45. From May 11 until at least September 19, 2011, Pronk and the Brokers provided some customers and prospective investors with copies of one or more of Noble's research reports for AdCare and made the research reports available online for customers to view and download.

2) Noble and Pronk Offer Extraordinary, Undisclosed Compensation to the Brokers

46. Beginning in or about May 2011, Noble and Pronk, with the assistance of ST, provided special compensation incentives to the Brokers to promote and solicit purchases of ADK. Specifically, Noble promised the Brokers that it would distribute $81,298.72 of the Warrant Agreement banking fee to registered representatives who successfully promoted AdCare and induced customers to buy ADK. The special compensation was in addition to the normal commission earned from customer trades.

47. Noble and Pronk offered special compensation incentives to encourage the Brokers to aggressively solicit purchases of ADK. Pronk knew that by aggressively soliciting purchasing in ADK Noble could (a) increase the price and volume of ADK to trigger a warrant call and, (b) increase Noble's profitability in the arbitrage.

48. On or about May 24, 2011, ST emailed Pronk a proposed payout schedule for the special compensation program ("Warrant Solicitation Payout") with the subject "ADK Payout Grid." The Warrant Solicitation Payout stated that ADK needed to trade at "$6.00 per share with average daily volume of 40,000 for 10 days" in order for AdCare to call its warrants.

49. The Warrant Solicitation Payout stated, "Noble Total Gross Revenue" of $464,564.10, representing Noble's anticipated banking fee from the Warrant Agreement. It also stated, "Total Net Sales Payout (35%)" worth $81,298.72, which was the portion of Noble's banking fee that would be used to compensate brokers for promoting and soliciting buy orders in ADK.

50. Under the terms of the Warrant Solicitation Payout, brokers could earn "credits" for specific ADK-related activities, which were redeemable for cash drawn from the $81,298.72 sales pot. These activities included scheduling sales calls or in-person meetings between existing or prospective customers and MP (4 credits), and soliciting buy orders of 50,000 or more shares of ADK from Noble's customers (20 credits).

51. Shortly after the Warrant Solicitation Payout was sent to Pronk, it was revised to increase the potential payout that the Brokers could earn from recommending and selling ADK.

52. On or about May 24, 2011, Noble's Director of Corporate Communications, MC, emailed ST the revised Warrant Solicitation Payout, which increased the payout for customer buy orders in ADK of 50,000 shares or more.

53. The revised Warrant Solicitation Payout provided the Brokers the opportunity to earn approximately $4,065, in addition to the normal sales commission, for every customer buy order in ADK that exceeded 50,000 shares.

54. On May 24, 2011, MC, at ST's direction, distributed the revised Warrant Solicitation Payout to the Brokers and Pronk.

55. On or after May 24, 2011, Noble, at Pronk's direction, implemented the additional compensation program as described on the Warrant Solicitation Payout and began monitoring points earned by the Brokers.

56. Throughout the aggressive sales campaign, Pronk received update emails detailing all of the Brokers' customer calls pertaining to AdCare and any customer orders in ADK.

57. On July 1, 2011, MC, sent an email to the Brokers and Pronk that included a tally of points earned by each person in accordance with the Warrant Solicitation Payout.

58. ST, with Pronk's knowledge, directed the Brokers not to mention the additional compensation to customers.

59. Pronk did not disclose, or take any steps to ensure that the Brokers disclose, to the seven customers to whom they recommended and sold ADK that the Brokers was promised additional compensation beyond their normal commission for recommending and selling ADK.

3) ADK Reaches Price and Volume Thresholds Triggering a Warrant Call

60. On June 29, 2011, ADK traded at or above $6.00 per share with trading volume in excess of 40,000 shares for the first time.

61. In the trading days following June 29, 2011, Noble and Pronk monitored trading in ADK to determine whether it would achieve the threshold required for the warrant call.

62. On July 1, 2011, Pronk emailed ST, "Day 3 down," referring to the third consecutive day that ADK had met the price and volume requirements for the warrant call. ST replied to Pronk later that same day, "7 more to go."

63. On or about July 13, 2011, trading in ADK met the requirements for triggering the warrant call as ADK traded at or above $6.00 per share and maintained an average daily trading volume exceeding 40,000 shares for ten consecutive trading days.

64. On July 13, 2011, Pronk sent an email to Noble's heads of research, institutional sales, compliance, and marketing with the subject "Congrats guys!" In the email, Pronk wrote:

> *Great job on ADK guys. Although in the big scope of things this represents a mini win. The more important part is the fact that we demonstrated we can execute as a team! This means a lot to me and gives me confidence for the future. Thank you for your contribution.*

65. On July 16, 2011, ST asked a senior officer of AdCare when the company intended to make a public announcement regarding the warrant call.

66. From July 13, 2011 until July 29, 2011, ADK traded at or above $6.00 per share.

67. On August 17, 2011, AdCare filed a Form 8-K with the SEC that attached a Call Notice for the warrants and a press release regarding the Call Notice. The Call Notice stated that ADK met its trading and volume conditions for a warrant call during ten consecutive trading days beginning July 18, 2011 and ending on July 29, 2011.

68. Under the terms of the Call Notice, warrant holders had until September 19, 2011 to exercise each warrant for 1.05 shares of ADK at a price of $2.38 per warrant. After that date, warrants not exercised would be considered expired and AdCare would pay the holder $.10 per warrant.

69. In September 2011 and October 2011, AdCare paid Noble a total of $482,682.52 as a fee for exercising AdCare's warrants that were subject to the Warrant Agreement.

C. Pronk and Noble Engage in an Undisclosed Arbitrage of AdCare Securities and Improper Short Sale Transactions

70. Concurrent with Noble's sales campaign in ADK, Noble and Pronk devised a plan to profit from an undisclosed arbitrage strategy using AdCare's securities.

71. The arbitrage worked as follows:

a. Pronk and the Brokers, at Pronk's direction, solicited Noble's customers to buy ADK and, when they did, unbeknownst to the Brokers, Noble filled the orders by short-selling from the firm's proprietary account.

b. As Noble accumulated a short position in ADK, Pronk also directed Noble to accumulate a long position in ADK.WS through open market purchases.

c. Then, in July 2011, at Pronk's direction, Noble began exercising its long warrants for common stock in order to cover the firm's short position in ADK.

72. As part of the arbitrage strategy, Noble shorted a total of 730,586 shares to firm customers and purchased an aggregate of at least 761,603 warrants in ADK.WS on the open market through the firm's proprietary account.

73. Pronk and Noble sought to profit from the arbitrage by capturing a spread between the cost of buying and exercising ADK.WS and the proceeds generated by short-selling ADK to Noble's customers.

74. Pronk knew at the time he implemented the sales campaign that the profitability of the arbitrage relied, in part, on Noble's ability to aggressively promote and solicit buyers in ADK.

75. Pronk and Noble also engaged in the arbitrage because Pronk knew that, by purchasing the warrants in the firm's proprietary account, Noble could collect its seven percent fee under the Warrant Agreement for exercising those warrants.

76. Pronk not only directed the arbitrage but supervised Noble's traders who executed the strategy through Noble's proprietary account. Noble's head trader, EG, provided Pronk with daily reports of Noble's long and short positions in AdCare securities.

77. During the Relevant Period, the Brokers were not informed that Noble was engaged in an arbitrage.

78. Respondents did not disclose, or take any steps to ensure that the Brokers disclose, to the seven customers to whom they recommended and sold ADK that Respondents were engaged in a speculative arbitrage strategy.

79. In addition, Noble effected 53 short transactions, many of which were conducted with the seven customers, without finding a borrow or locate.

80. Instead, Noble improperly relied on the bona-fide market maker exemption under Regulation SHO.

81. During the Relevant Period, Noble carried an overnight net short position in ADK on a total of 49 trading days, with the longest consecutive stretch lasting 42 trading days.

FIRST CAUSE OF ACTION
Omissions of Material Facts / Scheme to Defraud
(Section 10(b) of the Exchange Act and
Rule 10b-5 thereunder and FINRA Rules 2020 and 2010)
(Noble and Pronk)

82. The Department realleges and incorporates by reference paragraphs 1 through 81 above.

83. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder make it unlawful for any person, directly or indirectly, by use of ... interstate commerce ...to (a) employ any device, scheme, or artifice to defraud, (b) make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading, or (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

84. FINRA Rule 2020 requires that "[n]o member shall effect any transaction in, or induce the purchase or sale of any security by means of any manipulative, deceptive or other fraudulent device or contrivance."

85. FINRA Rule 2010 requires that a "member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." A member or registered person who engages in any manipulative, deceptive or other fraudulent device or contrivance, including through the omission of material facts, violates FINRA Rule 2010.

86. During the Relevant Period, as a result of the conduct alleged herein, Respondents Noble and Pronk, knowingly or recklessly, and willfully, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentality of interstate commerce or of the mails, made untrue statements of material facts and omitted to state material facts

necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, through their sales of ADK and/or engaged in deceptive acts and a fraudulent scheme to defraud Noble customers.

87. Specifically, Respondents solicited seven customers to purchase an aggregate of 863,930 shares of ADK without disclosing the following conflicts of interest: (a) Noble 's Advisory Agreement with AdCare and the compensation it received and anticipated receiving thereunder; (b) Noble's Warrant Agreement with AdCare and the compensation it anticipated receiving thereunder; (c) the additional compensation Noble promised the Brokers for promoting, recommending, and selling ADK; and, (d) Noble's speculative arbitrage strategy in AdCare securities that created a financial incentive for the Respondents to recommend ADK.

88. All of these omissions were material.

89. In connection with their sales of ADK, Respondents employed the means or instrumentality of interstate commerce, including phone calls and emails to customers, and the use of the mails to send research reports to customers.

90. As a result of the foregoing conduct, Respondents Noble and Pronk willfully violated Section 10(b) of the Exchange Act and Rules 10b-5(a), (b) and (c) thereunder and also violated FINRA Rules 2020 and 2010.

SECOND CAUSE OF ACTION
Short-Selling Violations
(Rule 203(b)(1) of Regulation SHO and FINRA Rule 2010)
(Noble)

91. The Department realleges and incorporates by reference paragraphs 1 through 90 above.

92. Rule 203(b)(1) of Reg SHO states that, subject to certain exceptions, a "broker or dealer may not accept a short sale order in an equity security from another person, or effect a short sale in an equity security for its own account, unless the broker or dealer has: (i) Borrowed the security, or entered into a bona-fide arrangement to borrow the security; or (ii) Reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due; and (iii) Documented compliance with this paragraph (b)(1)."

93. A FINRA member's violation of Regulation SHO also constitutes a violation of FINRA Rule 2010.

94. During the Relevant Period, Noble effected 53 short sales ADK without finding either a borrow or locate for the short sales.

95. Noble could not properly rely on the bona-fide market maker exemption under Rule 203(b)(2) of Regulation SHO for those transactions effected while it was engaging in a speculative arbitrage strategy.

96. As a result of the foregoing conduct, Respondent Noble willfully violated Rule 203(b)(1) of Regulation SHO under the Exchange Act and also violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
Disclosure Failures in Research Reports
(NASD Rule 2711 and FINRA Rule 2010)
(Noble)

97. The Department realleges and incorporates by reference paragraphs 1 through 96 above.

98. NASD Rule 2711(h)(2)(A)(ii)c[2] required FINRA members to disclose in research reports whether that member "expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months."

99. NASD Rule 2711(h)(2)(A)(iii)b[3] required FINRA members to disclose in research reports the existence of a client relationship if "the subject company currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of the member." In such cases, the member also must disclose "the types of services provided to the subject company."

100. A violation of NASD Rule 2711 by a FINRA member also constituted a violation of FINRA Rule 2010.

101. As described herein, Noble issued 16 Reports that failed to disclose that (a) Noble had a current client relationship with AdCare and, (b) Noble expected to receive or intended to seek compensation from its investment banking activities with AdCare in the three months that followed the issuance of the reports.

102. As a result of the foregoing conduct, Respondent Noble violated NASD Rules 2711(h)(2)(A)(ii)c and (h)(2)(A)(iii)b and FINRA Rule 2010.

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[2] NASD Rule 2711 effective April 7, 2008 to Oct. 10, 2012.

[3] NASD Rule 2711 effective April 7, 2008 to Oct. 10, 2012.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondent(s) 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 Respondents be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;

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

D. make specific findings that Respondents Noble and Pronk willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a), (b) and (c) thereunder, and that Noble willfully violated Rule 203(b)(1) of Regulation SHO under the Exchange Act.

FINRA DEPARTMENT OF ENFORCEMENT

Date: November 23, 2016

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