

L.H. Ross & Company, Inc.
(BD No. 37920)

Disciplinary History

On October 29, 1999, the Illinois Securities Department issued a Consent Order against LH Ross that included a fine of \$2,500, an additional payment of \$1,500 for costs of the investigation, and an order to make restitution to an investor in the amount of \$33,360 plus 10% interest for the offer and sale of unregistered securities by an unregistered salesperson. On January 3, 2000, the Illinois Securities Department issued an Order temporarily suspending LH Ross's registration for failure to pay the fine and costs.

(CX-1)

On April 4, 2001, the Florida Department of Banking and Finance issued an Order fining LH Ross \$25,000 and Michelin \$5,000 for unregistered activities and failure to supervise.

(CX-2)

On January 3, 2002, NASD's National Adjudicatory Council issued a Decision finding that LH Ross had violated NASD Rules 2110 and 3010 for failing to comply with the Taping Rule, and failing to establish, maintain, or enforce any special written supervisory procedures for supervising the telemarketing activities of its registered persons. LH Ross was censured and fined \$10,000.

(CX-6)

On May 13, 2002, LH Ross entered into a Consent Order with the North Dakota Securities Commissioner. LH Ross agreed to withdraw its application in North Dakota as a result of the firm's failure to provide documents to the State of Utah.

(CX-3)

On June 7, 2002, the State of Connecticut and LH Ross entered into a Consent Order to settle allegations that LH Ross: (1) concealed material information from, and made false or misleading statements to, agency staff during an investigation and examination; (2) engaged in dishonest or unethical practices by employing two cold callers who were not registered; (3) sold unregistered securities; and (4) failed to enforce and maintain adequate written supervisory procedures. LH Ross was fined \$12,500, ordered to file reports with the state for two years, and required to reimburse the state for costs associated with a future examination. On May 25, 2004, the State of Connecticut issued a cease and desist order against LH Ross and filed a notice of intent to revoke its registrations and to fine LH Ross for alleged violation of the Consent Order.

(CX-5; CX-9)

On January 6, 2004, the Department of Commerce for the State of Utah issued an Order that placed LH Ross on six-months' probation and required the firm to consent to a surprise audit at the firm's expense not to exceed \$5,000. The case concerned LH Ross's alleged refusal to allow investigators from the State of Utah access to books and records and physically stopped Utah's

auditors from entering the sales floor where the auditors observed books and records of the firm being discarded and hidden.

(CX-7)

On March 15, 2004, the North Dakota Securities Department issued a Cease and Desist Order against LH Ross alleging that the firm and at least three of its representatives had offered and sold unregistered securities. On September 20, 2004, the North Dakota Securities Commissioner and LH Ross entered into a Consent Order to settle those allegations. LH Ross was assessed a penalty of \$43,000 and ordered to make restitution to a customer in the amount of \$71,085.35.

(CX-4; CX-409)

On April 27, 2004, NASD accepted an AWC (C07040046) that LH Ross submitted to settle allegations that the firm failed to file Rule 3070 reports in a timely manner and failed to promptly amend Forms U-4 and U-5. LH Ross was censured and fined \$10,000.

(CX-8)