

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

Department of Enforcement,

Complainant,

v.

Purshe Kaplan Sterling Investments
(CRD No. 35747),

and

Gopi Krishna Vungarala
(CRD No. 4856193),

Respondents.

DISCIPLINARY PROCEEDING
No. 2014042291901

Hearing Officer - LOM

ORDER ACCEPTING OFFER OF SETTLEMENT

Date: February 21, 2017

INTRODUCTION

Disciplinary Proceeding No. 2014042291901 was filed on February 4, 2016, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Purshe Kaplan Sterling Investments (Respondent or PKS) submitted an Offer of Settlement (Offer) to Complainant dated February 14, 2017. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent PKS has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

PKS is an introducing firm based in Albany, New York, and has been a FINRA member since April 15, 1994. The Firm currently has approximately 1,250 registered persons and approximately 460 branches. The majority of its revenue comes from the sale of investment company shares.

PKS is, and at all times relevant to the Complaint was, a FINRA member firm and Vungarala is, and at all times relevant to the Complaint was, associated with PKS.

PKS is subject to FINRA's jurisdiction pursuant to FINRA's By-Laws Article IV, Section 1 and Article V, Section 2.

FINDINGS AND CONCLUSIONS

The findings herein are pursuant to Respondent PKS's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding. It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

1. From at least June 2011 through January 2015, Respondent Gopi Vungarala, through his firm, Respondent PKS, regularly lied to his customer, ST, a Native American tribe,

regarding investments he recommended. In addition to serving as ST's PKS registered representative, Vungarala was employed by the tribe as its Treasury Investment Manager and participated in decisions regarding the tribe's investments. Vungarala fraudulently induced the tribe to invest hundreds of millions of dollars in non-traded real estate investment trusts ("REITs") and business development companies ("BDCs"), without revealing he and his firm received commissions on the sales (usually seven percent) or the availability of certain volume discounts. PKS's supervisory failures led it to fail to detect and prevent Vungarala's fraud.

2. Vungarala knew that ST prohibited its employees, such as himself, from engaging in business activities that could constitute a conflict of interest with the tribe, or that could impair an employee's ability to make impartial decisions on behalf of the tribe.

Notwithstanding these prohibitions, and knowing that tribal leaders relied upon his recommendations as Treasury Investment Manager, Vungarala recommended the tribe invest more than \$190 million in non-traded REITs and BDCs over the course of three years, generating \$11.4 million in commissions for PKS, \$9.6 million of which was paid to Vungarala.

3. In order to induce the tribe to make these purchases, notwithstanding the tribe's prohibitions against conflicts of interests, Vungarala falsely represented to ST that he would not receive any commissions on purchases of the non-traded REITs and BDCs made in the tribe's PKS accounts.

4. Vungarala also allowed tribal leaders to believe PKS would not receive any commissions on these transactions, either, when he knew or should have known that this was their understanding.

5. Vungarala was also aware of, but failed to disclose to ST, that the tribe was eligible to receive volume discounts on its non-traded REIT/BDC purchases based upon the fact

that multiple trust accounts owned by ST purchased the same offerings through PKS. As a result, the tribe failed to receive more than \$3.3 million in volume discounts to which it was eligible. All of these funds, instead, went to PKS and Vungarala in the form of commissions to the detriment of ST.

6. PKS's supervisory failures prevented it from detecting and halting Vungarala's fraudulent conduct. *First*, at the time ST became a PKS customer in July 2011, PKS failed to perform an adequate review of Vungarala's dual relationship with ST to determine whether this relationship heightened the risk of fraudulent conduct by Vungarala toward the tribe. Because it failed to conduct an adequate review of the risks inherent to Vungarala's dual relationship with the tribe, PKS likewise failed to establish sufficient procedures to mitigate any such risks. *Second*, from April 1, 2009 through at least October 31, 2014, PKS failed to have adequate systems and procedures in place to supervise the sale of non-traded REITs and BDCs to ensure the proper application of volume discounts. *Third*, from July 2011 through at least January 15, 2015, PKS failed to take reasonable steps to confirm Vungarala's representations that ST did not want to take advantage of certain volume discounts to which it was eligible. Based upon the foregoing conduct, PKS violated NASD Rule 3010 (a) and (b) (for conduct occurring prior to December 1, 2014), FINRA Rule 3110 (a) and (b) (for conduct occurring on and after December 1, 2014) and FINRA Rule 2010.

RESPONDENTS AND JURISDICTION

7. PKS is an introducing firm based in Albany, New York, and has been a FINRA member since April 15, 1994. The Firm currently has approximately 1,250 registered persons and approximately 460 branches. The majority of its revenue comes from the sale of investment company shares.

8. Vungarala first entered the securities industry on September 22, 2004, and has been associated with FINRA member firms since that time as a General Securities Representative. He currently holds Series 7 and 66 licenses. Vungarala has been associated with PKS since December 2007.

9. PKS is, and at all times relevant to the Complaint was, a FINRA member firm and Vungarala is, and at all times relevant to the Complaint was, associated with PKS.

10. PKS and Vungarala are subject to FINRA's jurisdiction pursuant to FINRA's By-Laws Article IV, Section 1 and Article V, Section 2.

STATEMENT OF FACTS

NON-TRADED REITs AND BDCs

11. A REIT is a corporation, trust or association that owns or manages income-producing real estate. There are two types of public REITs: those that trade on a national securities exchange and those that do not. REITs in this latter category are generally referred to as publicly registered non-exchange traded, or simply, non-traded REITs.

12. A BDC is a closed-end investment company that invests in private or thinly traded public companies. As with non-traded REITs, non-traded BDCs are not traded on a national securities exchange.

13. Investments in non-traded REITs and BDCs typically involve payment of relatively high commissions, and ST's REIT and BDC investments through Vungarala were generally subject to commissions of around seven percent.

14. Non-traded REITs and BDCs may offer volume discounts to investors. A volume discount is a discounted price per share received by the investor when the investor reaches an accumulated level of investment. The manner in which an investor can obtain a volume discount

is set forth in the offering's prospectus. The discount is funded by reducing the selling commission paid by the investment product's wholesaler to the broker-dealer by the amount of the share purchase price discount.

VUNGARALA'S EMPLOYMENT WITH ST

15. On November 17, 2008, while associated with PKS as a General Securities Representative, Vungarala entered into a three-year employment contract with ST to serve as its Treasury Investment Manager. ST renewed that contract when it expired on November 17, 2011, for another three years.

16. As ST's Treasury Investment Manager, Vungarala was responsible for managing the tribe's investment portfolio in accordance with ST's strategic goals as set forth in its written Investment Policy.

17. Vungarala advised and made recommendations to ST's governing body, the tribal council, about which investments the tribe should chose to achieve its strategic goals.

18. In order to present his proposed investments to the tribal council, Vungarala first had to have the sign-off of at least one member of the tribe's investment committee. Once he obtained this signature, Vungarala was able to present his proposed investments at the next tribal council meeting.

19. Neither the members of the investment committee nor the tribal council were sophisticated investors, and they relied heavily upon Vungarala's recommendations when approving proposed investments.

**VUNGARALA FRAUDULENTLY INDUCES ST TO INVEST HUNDREDS OF
MILLIONS OF DOLLARS IN NON-TRADED REITs AND BDCs**

20. In addition to providing investment objectives and parameters for the various trusts owned by ST, the Investment Policy set forth the standard of care and conduct to which ST's employees, including the Treasury Investment Manager, are required to adhere.

21. During the time Vungarala was employed by ST, the Investment Policy provided "managers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions."

22. Beginning in 2011, in his role as ST's Treasury Investment Manager, Vungarala solicited ST to invest in non-traded REITs and BDCs.

23. As part of his solicitation, Vungarala informed his ST supervisor and ST's Investment Committee that the tribe could purchase the non-traded REITs and BDCs through PKS, where Vungarala was registered.

24. On or around June 27, 2011, knowing that ST prohibited him from engaging in personal business activities that would constitute a conflict of interest when making investments on behalf of ST, and in order to induce ST to purchase these high-commission products, Vungarala falsely stated to his ST supervisor and the ST Investment Committee that he would not receive any commissions from the REIT/BDC transactions.

25. Vungarala also failed to disclose to the investment committee and tribal council that PKS would receive commissions on REIT/BDC transactions in the tribe's PKS accounts, even though he was aware, or reasonably should have been aware, that was their understanding.

26. Beginning in July 2011, Vungarala opened multiple PKS accounts in the name of ST trusts and began purchasing non-traded REITs and BDCs through PKS in these trust accounts.

27. Over the course of more than three years, Vungarala continued to open PKS accounts in the name of eight ST trust accounts and purchase non-traded REITS/BDCs on behalf of the Trusts.

28. Each ST Trust had the same tax identification number.

29. The purpose for each ST Trust was to benefit the tribe.

30. Vungarala solicited each REIT/BDC that ST ultimately purchased.

31. PKS received commissions for each transaction.

32. Despite allowing the tribe to believe that neither he nor PKS would receive any commissions for the non-traded REIT and BDC purchases he made on behalf of ST as its PKS registered representative, PKS received the high selling commissions typical for these types of investments and Vungarala received a payout of approximately 85 percent of these commissions.

33. At Vungarala's recommendation, ST purchased more than \$190 million in non-traded REITs and BDCs over the course of more than three years.

34. Between 2011 and 2014, PKS received more than \$11.3 million in commissions from non-traded REITs and BDCs purchased in ST's PKS accounts and Vungarala received at least \$9 million of those commissions.

35. Customer confirms and account statements from the issuers of the tribe's REIT and BDC investments, although addressed to the tribal chief, were internally routed to Vungarala for review. Moreover, none of these documents revealed that commissions were paid to either PKS or Vungarala.

36. Vungarala did not disclose to the tribe that PKS received commissions on the tribe's investments until October, 2014, after being confronted by his supervisor at the tribe regarding the source of funds Vungarala used to open various personal businesses.

37. Vungarala however, did not disclose to the tribe that he personally received commissions on the tribe's investments until December 2014, and only after being confronted by the tribal council after Vungarala's supervisor at the tribe had expressed concerns to the council that Vungarala might be getting a portion of the commissions PKS received.

**TO INCREASE HIS COMMISSIONS, VUNGARALA FAILS TO DISCLOSE
TO ST THAT IT IS ELIGIBLE TO RECEIVE ADDITIONAL
VOLUME DISCOUNTS ON ITS REIT/BDC PURCHASES**

38. Most or all of the non-traded REITs\BDCs purchased by ST offered volume discounts for purchases above a certain dollar value.

39. The discounts were funded by reducing the selling commission to PKS by the share purchase price discount.

40. Based upon the parameters set forth in the relevant prospectuses, multiple trusts owned by ST that purchased the same REIT\BDC through PKS within a certain time frame qualified as a single purchaser for the purpose of aggregating purchases to maximize the volume discount available to ST.

41. Vungarala, however, did not request on ST's behalf that the issuers aggregate the purchases by the multiple trusts.

42. Vungarala requested volume discounts for purchases by each individual trust but did not request volume discounts based on the aggregation of purchases of the same REIT/BDC by multiple trusts.

43. Vungarala never disclosed to ST that it was eligible for these additional volume discounts.

44. In fact, when an ST employee, MB, asked Vungarala why he was not requesting additional discounts based on purchases of the same non-traded REITs and BDCs by multiple trusts, Vungarala misrepresented to her that ST was not eligible for these discounts because each Trust was a separate entity.

45. Vungarala falsely represented to PKS that ST did not wish to aggregate the purchases of the same REIT/BDC by multiple trust accounts because ST did not wish to comingle funds. Nobody on behalf of ST made such a representation. Moreover, aggregating the purchases of the same product by the various trusts would not result in the commingling of trust funds.

46. As set forth in **Schedule A** attached hereto, had the purchases by the trusts been correctly aggregated, ST would have received over the course of more than three years additional volume discounts of more than \$3.3 million. PKS's commissions would have been reduced by the same amount and Vungarala's portion of those commissions would have been reduced by more than \$2.8 million.

**PKS FAILS TO ADEQUATELY SUPERVISE VUNGARALA'S
DUAL RELATIONSHIP WITH ST**

PKS Fails to Perform a Reasonable Review of Vungarala's Dual Relationship with the Tribe

47. On November 16, 2008, Vungarala submitted an "outside business activities" form notifying PKS that he would be starting employment with ST on the following day as its Treasury Investment Manager and would be responsible for managing ST's investments, including advising ST's tribal council as to which investments the tribe should purchase.

48. In July 2011, ST became a PKS customer and, by the end of 2011, Vungarala had sold the tribe at least \$3 million in non-traded REITs.

49. Once ST became a PKS customer, PKS should have reviewed Vungarala's dual relationship with the tribe and whether it created a heightened risk of misconduct, given Vungarala, from that point on, would be on both sides of any transaction made in the tribe's PKS accounts. PKS should have then implemented procedures to mitigate such risk.

50. At no time did PKS perform a sufficient review of Vungarala's dual relationship with the tribe or implement any procedures to address any risks related to his conflict of interest.

51. In December 2011, January 2013, and February 2014, PKS Regional Supervisor DG sent emails to ST outlining the risks of investing in non-traded REITs. However, nothing in these communications disclosed that PKS or Vungarala would receive commissions on the REIT/BDC transactions Vungarala recommended to ST or addressed the conflict of interest arising from Vungarala's roles as the ST employee responsible for recommending investments to the tribe and the PKS representative who would benefit financially from the investments made by the tribe in its PKS accounts.

52. Likewise, PKS never requested confirmation regarding Vungarala's dubious claim, as alleged above, that ST did not wish to obtain additional volume discounts because of commingling concerns.

53. The first time the firm made any inquiries to Vungarala about his employment by the tribe was during a routine audit of Vungarala's branch in April 2013.

54. On April 22, 2013, in connection with the audit of Vungarala's branch, PKS Compliance Officer, LE, and DG visited with the ST Investment Committee at the tribe's offices to discuss Vungarala's employment by the tribe. At no time during this meeting with ST, which lasted 10 minutes, or at any time thereafter, did LE or DG

- a. discuss volume discounts;

- b. discuss the commissions Vungarala received on ST's investments as a PKS registered representative.
- c. explain to ST the potential for and types of conflicts of interests that could arise based upon Vungarala's employment relationship with his client, ST.

PKS Ignores ST's Report of Potential Misconduct by Vungarala

55. In October 2014, Vungarala's supervisor at ST confronted Vungarala to inquire whether Vungarala received commissions on the REITs/BDCs the tribe purchased through PKS.

56. In response, Vungarala disclosed to his ST supervisor and the Tribal Council that his firm, PKS, was receiving commissions, which he claimed were disclosed in the REIT and BDC prospectuses.

57. Vungarala however, did not disclose at that time that he, himself, received part of the PKS commissions, even though he received 85 percent.

58. Instead, at the time of this disclosure, Vungarala provided ST with a purported breakdown of whom at PKS received what portion of PKS's commissions, but he did not include himself as a recipient of any portion of the commissions.

59. Vungarala also refused to provide his supervisor with the names and contact information of the individuals at PKS purportedly receiving the commissions on the tribe's investments.

60. After Vungarala disclosed to ST that PKS received commissions on its REIT/BDC purchases, members of the tribal council became concerned that Vungarala might be receiving a portion of that commission, notwithstanding his representations to ST.

61. In December 2014, the tribal council asked its General Counsel, SR, to contact PKS directly and ask the firm whether Vungarala was receiving commissions on ST's REIT/BDC purchases.

62. On December 9, 2014, SR contacted KF, Chief Operating Officer and Director of Supervision at PKS, to request that PKS provide him with information regarding Vungarala's commissions received on ST's transactions.

63. On December 18, 2014, having failed to receive the information he requested from PKS, SR emailed KF, asking that KF follow-up with him.

64. To date, neither KF nor anyone else with PKS has ever responded to SR, and nobody at PKS has ever acknowledged that Vungarala received commissions from his sales of REITs and BDCs.

PKS Fails to Supervise the Sale of Non-Traded REITs and BDCs

65. From April 1, 2009 through at least October 31, 2014, PKS failed to establish, maintain and enforce an adequate supervisory system and written supervisory procedures with respect to the sale of non-traded REITs and BDCs.

66. PKS relied upon its associated persons to ensure its customers received the volume discounts to which they were entitled, and failed to take reasonable steps to ensure customers were made aware of their eligibility for volume discounts and to ensure the appropriate discount was applied, even when a REIT company, itself, informed PKS of potential missed discounts.

67. On January 31, 2014, after being contacted by a REIT company regarding ST's eligibility for additional volume discounts based upon the purchase of the REIT by multiple ST trusts, LE represented to the wholesaler "per the terms of the trust agreement the accounts should

not be aggregated as one purchase.” This was false, and LE relied entirely upon Vungarala’s representation that the trust agreements prohibited aggregation.

68. No one at PKS took any reasonable steps to verify Vungarala’s representation regarding the trust agreements. No one at PKS reviewed the trust agreements in question to confirm that they provided that purchases from different trusts could not be aggregated for the purpose of obtaining a volume discount.

69. Indeed, PKS never obtained anything beyond the first page or so of any of the trust agreements for the ST trusts.

70. PKS merely accepted Vungarala’s representations that the ST trust agreements did not permit the tribe to take advantage of the opportunity to receive additional volume discounts by aggregating purchases of the same REIT/BDC by multiple ST trusts, without taking reasonable steps to confirm them.

71. Because of PKS’s supervisory deficiencies, ST failed to receive the benefit of more than \$3.3 million of available sales charge discounts. This \$3.3 million, instead, went directly to PKS and Vungarala in the form of commissions.

CHARGING ALLEGATIONS AGAINST RESPONDENT PKS

THIRD CAUSE OF ACTION

FAILURE TO SUPERVISE VUNGARALA’S DUAL RELATIONSHIP WITH THE TRIBE (Violation of NASD Conduct Rule 3010 (for conduct occurring before December 1, 2014) and FINRA Rule 3110 (for conduct occurring on or after December 1, 2014) and FINRA Rule 2010 by Respondent PKS)

72. NASD Rule 3010 (a) provides “[e]ach member shall establish and maintain a system to supervise the activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD Rules.” NASD Rule 3010 (b) provides “[e]ach

member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of registered representatives, registered principals, and other associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with the applicable Rules of NASD.” FINRA Rule 3110, which superseded NASD Rule 3010 on December 1, 2014, imposes substantially the same obligations on member firms.

73. From July 2011 through at least January 15, 2015, PKS failed to fulfill its supervisory obligations under NASD Rule 3010 (a) and (b), and FINRA Rule 3110 (a) and (b), with respect to Vungarala’s dual relationship with the tribe as ST’s Treasury Investment Manager and its PKS registered representative.

74. Once the tribe became a PKS customer with Vungarala as its registered representative, PKS was on notice of the potential for unethical conduct by Vungarala toward the tribe based upon Vungarala’s position on both sides of transactions made in the tribe’s PKS accounts.

75. PKS failed to perform an adequate review of the risks inherent to such a relationship.

76. Because PKS failed to perform any such review, PKS failed to establish adequate procedures reasonably designed to mitigate such risks.

77. Based upon these failures, PKS violated NASD Conduct Rule 3010 (a) and (b) (for conduct occurring before December 1, 2014), FINRA Rule 3110 (a) and (b) (for conduct occurring on or after December 1, 2014), and FINRA Rule 2010.

**FOURTH CAUSE OF ACTION
FAILURE TO SUPERVISE THE SALE OF NON-TRADED REITS
AND BDCs FOR THE APPLICATION OF VOLUME DISCOUNTS
(Violation of NASD Conduct Rule 3010 (for conduct occurring
before December 1, 2014) and FINRA Rule 3110 (for conduct
occurring on or after December 1, 2014) and FINRA
Rule 2010 by Respondent PKS)**

78. From April 1, 2009, through at least October 31, 2014, PKS failed to establish, maintain and enforce an adequate supervisory system and written supervisory procedures with respect to the sale of non-traded REITs and BDCs.

79. During this time period, the Firm did not have procedures in place reasonably designed to identify accounts that would be eligible for volume discounts or to ensure the discounts were properly applied.

80. PKS relied upon its associated persons to ensure its customers received the volume discounts to which they were entitled, but failed to provide adequate guidelines, instructions or policies for its associated persons and supervisors to follow to ensure that the customer sales volume discounts were applied.

81. Moreover, from July 2011 through at least January 15, 2015, PKS failed to take reasonable steps to verify Vungarala's representations that ST did not want to take advantage of the additional volume discounts to which ST was eligible, even after the following red flags were raised: 1) an inquiry from a REIT issuer as to why the firm had not requested a volume discount for which the tribe was eligible; 2) an inquiry from FINRA staff regarding the firm's procedures with respect to the application of volume discounts in the sale of non-traded REITs and BDCs; and, 3) an inquiry from the tribe regarding Vungarala's commissions based on the tribe's purchase of non-traded REITs and BDCs in its PKS accounts.

82. Because of its supervisory deficiencies PKS failed to identify and apply volume discounts to more than 200 eligible purchases of non-traded REITs and BDCs made by ST. As a

result, ST paid excessive sales charges of more than \$3.3 million.

83. Based upon the foregoing, PKS violated NASD Conduct Rules 3010 (a) and (b) (for conduct prior to December 1, 2014), FINRA Rule 3110 (a) and (b) (for conduct on or after December 1, 2014), and FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent PKS from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent PKS be:

1. Censured;
2. Ordered to pay a fine of \$750,000;
3. Ordered to pay restitution to ST in the amount of \$3,373,303.68¹ plus interest;
4. Ordered to retain an Independent Consultant, not unacceptable to FINRA staff, to conduct a comprehensive review of the adequacy of the Firm's policies, systems and procedures (written and otherwise) and training relating to: (1) registered representatives' outside business activities; and (2) the application of volume discounts during the sale of non-traded REITs and BDCs.
 - a. Pursuant to this undertaking, PKS shall:
 - i. Retain, within 60 days of the date of the Order Accepting Offer of Settlement, an Independent Consultant, not unacceptable to FINRA staff, to conduct a comprehensive review of the adequacy of the Firm's policies, systems and procedures (written and otherwise) and training

¹ The restitution amount is further detailed in Attachment A to the Complaint, also attached hereto.

- relating to: (1) registered representatives' outside business activities; and (2) the application of volume discounts during the sale of non-traded REITs and BDCs;
- ii. Exclusively bear all costs, including compensation and expenses, associated with the retention of the Independent Consultant;
 - iii. Cooperate with the Independent Consultant in all respects, including by providing staff support. PKS shall place no restrictions on the Independent Consultant's communications with FINRA staff and, upon request, shall make available to FINRA staff any and all communications between the Independent Consultant and the Firm and documents reviewed by the Independent Consultant in connection with his or her engagement. Once retained, PKS shall not terminate the relationship with the Independent Consultant without FINRA staff's written approval; PKS shall not be in and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-client privilege or other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports or documents to FINRA;
 - iv. At the conclusion of the review, which shall be no more than 90 days after the date of the Order Accepting Offer of Settlement, require the Independent Consultant to submit to the Firm and FINRA staff a Written Report. The Written Report shall address, at a minimum: (i) the adequacy of the Firm's policies, systems, procedures, and training

relating to (1) registered representative's outside business activities; and (2) the application of volume discounts during the sale of non-traded REITs and BDCs; (ii) a description of the review performed and the conclusions reached, and (iii) the Independent Consultant's recommendations for modifications and additions to the Firm's policies, systems, procedures and training; and

- v. Require the Independent Consultant to enter into a written agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any other employment, consultant, attorney-client, auditing or other professional relationship with PKS, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the Independent Consultant is affiliated in performing his or her duties pursuant to the Order Accepting Offer of Settlement shall not, without prior written consent of FINRA staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with PKS or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.
- b. Within 30 days after delivery of the Written Report, PKS shall adopt and implement the recommendations of the Independent Consultant or, if it determines that a recommendation is unduly burdensome or impractical,

propose an alternative procedure to the Independent Consultant designed to achieve the same objective. The Firm shall submit such proposed alternatives in writing simultaneously to the Independent Consultant and FINRA staff.

Within 30 days of receipt of any proposed alternative procedure, the Independent Consultant shall: (i) reasonably evaluate the alternative procedure and determine whether it will achieve the same objective as the Independent Consultant's original recommendation; and (ii) provide the Firm with a written decision reflecting his or her determination. The Firm will abide by the Independent Consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the Independent Consultant.

- c. Within 30 days after the issuance of the later of the Independent Consultant's Written Report or written determination regarding alternative procedures (if any), PKS shall provide FINRA staff with a written implementation report, certified by an officer of PKS, attesting to, containing documentation of, and setting forth the details of the Firm's implementation of the Independent Consultant's recommendations.
- d. Upon written request showing good cause, FINRA staff may extend any of the procedural dates set forth above.

Respondent PKS agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Restitution is ordered to be paid to ST in the total amount of \$3,373,303.68, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the dates of purchase of each non-traded REIT and BDC, until the date this Offer is accepted by the NAC.

A registered principal on behalf of Respondent firm shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to **Suzanne H. Bertolett, FINRA, Department of Enforcement, 5200 Town Center Cir., Tower 1, Suite 200, Boca Raton, FL 33486** either by letter that identifies PKS and Case No. 2014042291901 or by e-mail from a work-related account of the registered principal of Respondent firm to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the Offer.

If for any reason Respondent cannot locate customer ST after reasonable and documented efforts within 120 days from the date the Offer is accepted, or such additional period agreed to by a FINRA staff member in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Respondent shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority



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Schedule A

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
5/16/2014	ARC Global	Trust I	\$370,000.00	\$25,900.00	\$9,685.86	\$16,214.14
6/13/2014	ARC Global	Trust C	\$25,000.00	\$1,750.00	\$654.45	\$1,095.55
6/13/2014	ARC Global	Trust B	\$50,000.00	\$3,500.00	\$1,308.90	\$2,191.10
6/13/2014	ARC Global	Trust G	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
6/13/2014	ARC Global	Trust F	\$1,000,000.00	\$65,300.01	\$65,303.03	(\$3.02)
6/13/2014	ARC Global	Trust Q	\$1,000,000.00	\$65,300.01	\$26,178.01	\$39,122.00
6/13/2014	ARC Global	Trust H	\$1,000,000.00	\$65,300.01	\$26,178.01	\$39,122.00
6/13/2014	ARC Global	Trust M	\$1,000,000.00	\$65,300.01	\$26,178.01	\$39,122.00
5/14/2014	ARC Global	Trust F	\$1,000,000.00	\$65,300.01	\$26,178.01	\$39,122.00
5/14/2014	ARC Global	Trust H	\$1,000,000.00	\$65,300.01	\$26,178.01	\$39,122.00
9/5/2014	Hospitality Trust	Trust F	\$1,000,000.00	\$65,300.43	\$65,303.03	(\$2.60)
9/5/2014	Hospitality Trust	Trust H	\$1,000,000.00	\$65,300.43	\$26,381.91	\$38,918.52
8/28/2014	New York City REIT	Trust F	\$1,000,000.00	\$65,303.04	\$65,303.03	\$0.01
8/28/2014	New York City REIT	Trust H	\$1,000,000.00	\$65,303.04	\$26,381.91	\$38,921.13
8/28/2014	New York City REIT	Trust Q	\$400,000.00	\$28,000.00	\$10,552.76	\$17,447.24
5/16/2014	Retail Centers of America	Trust I	\$370,000.00	\$25,900.00	\$25,900.00	\$0.00
6/25/2014	Cole Credit Property Trust V	Trust F	\$1,000,000.00	\$65,303.03	\$65,303.03	\$0.00
6/25/2014	Cole Credit Property Trust V	Trust G	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
6/25/2014	Cole Credit Property Trust V	Trust Q	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
6/25/2014	Cole Credit Property Trust V	Trust M	\$1,000,000.00	\$65,303.03	\$51,020.41	\$14,282.62
6/25/2014	Cole Credit Property Trust V	Trust H	\$1,000,000.00	\$65,303.03	\$41,237.11	\$24,065.92
5/20/2013	American Realty Capital NYC REIT, Inc.	Trust F	\$1,000,000.00	\$65,000.01	\$65,303.03	(\$303.02)
5/20/2013	American Realty Capital NYC REIT, Inc.	Trust H	\$1,000,000.00	\$65,000.01	\$26,178.01	\$38,822.00

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
5/21/2013	American Realty Capital NYC REIT, Inc.	Trust M	\$1,000,000.00	\$65,000.01	\$26,178.01	\$38,822.00
6/25/2013	American Realty Capital NYC REIT, Inc.	Trust G	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
6/25/2013	American Realty Capital NYC REIT, Inc.	Trust Q	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
6/14/2013	American Realty Capital-Retail Cntr Am	Trust Q	\$600,000.00	\$41,000.01	\$41,060.61	(\$60.60)
6/14/2013	American Realty Capital-Retail Cntr Am	Trust F	\$1,000,000.00	\$65,000.01	\$39,949.23	\$25,050.78
6/14/2013	American Realty Capital-Retail Cntr Am	Trust H	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
6/25/2013	American Realty Capital-Retail Cntr Am	Trust M	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
6/25/2013	American Realty Capital-Retail Cntr Am	Trust H	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
1/29/2014	American Realty Capital-Retail Cntr Am	Trust F	\$1,000,000.00	\$65,000.01	\$65,303.03	(\$303.02)
1/29/2014	American Realty Capital-Retail Cntr Am	Trust M	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
1/29/2014	American Realty Capital-Retail Cntr Am	Trust G	\$1,000,000.00	\$65,000.01	\$26,178.01	\$38,822.00
1/29/2014	American Realty Capital-Retail Cntr Am	Trust H	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
1/16/2014	ARC Healthcare Trust II, Inc.	Trust F	\$1,000,000.00	\$65,300.00	\$65,303.03	(\$3.03)
1/16/2014	ARC Healthcare Trust II, Inc.	Trust G	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
1/16/2014	ARC Healthcare Trust II, Inc.	Trust H	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
1/29/2014	ARC Healthcare Trust II, Inc.	Trust Q	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
2/10/2014	ARC Healthcare Trust II, Inc.	Trust M	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
11/15/2013	ARC Realty Finance Trust, Inc.	Trust F	\$1,000,000.00	\$65,300.00	\$65,303.03	(\$3.03)
11/15/2013	ARC Realty Finance Trust, Inc.	Trust M	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
11/15/2013	ARC Realty Finance Trust, Inc.	Trust G	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
11/15/2013	ARC Realty Finance Trust, Inc.	Trust H	\$1,000,000.00	\$65,300.00	\$26,381.91	\$38,918.09
1/30/2014	ARC Realty Finance Trust, Inc.	Trust M	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/30/2014	ARC Realty Finance Trust, Inc.	Trust G	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
1/3/2013	ARC Trust IV, Inc.	Trust F	\$1,000,000.00	\$65,300.00	\$26,381.91	\$38,918.09
1/3/2013	ARC Trust IV, Inc.	Trust M	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
1/3/2013	ARC Trust IV, Inc.	Trust H	\$1,000,000.00	\$65,300.00	\$65,303.03	(\$3.03)
7/2/2013	ARC Trust V, Inc.	Trust Q	\$600,000.00	\$41,060.00	\$15,829.15	\$25,230.85
7/2/2013	ARC Trust V, Inc.	Trust F	\$1,000,000.00	\$65,300.00	\$65,303.03	(\$3.03)
7/2/2013	ARC Trust V, Inc.	Trust M	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
7/2/2013	ARC Trust V, Inc.	Trust G	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
7/2/2013	ARC Trust V, Inc.	Trust H	\$1,000,000.00	\$65,300.00	\$26,381.91	\$38,918.09
2/19/2013	Business Development Corporation of America	Trust Q	\$500,000.00	\$35,000.00	\$13,113.28	\$21,886.72
2/19/2013	Business Development Corporation of America	Trust F	\$1,000,000.00	\$65,000.01	\$65,303.03	(\$303.02)
2/19/2013	Business Development Corporation of America	Trust M	\$500,000.00	\$35,000.00	\$13,113.28	\$21,886.72
2/19/2013	Business Development Corporation of America	Trust H	\$1,000,000.00	\$65,000.01	\$26,226.57	\$38,773.44
7/14/2011	MultiFamily REIT I Inc.	Trust F	\$1,000,000.00	\$60,312.50	\$60,542.43	(\$229.93)
9/12/2012	Carter Validus Mission Critical REIT, Inc.	Trust F	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
10/12/2012	Carter Validus Mission Critical REIT, Inc.	Trust F	\$500,000.00	\$30,303.03	\$30,303.03	\$0.00
4/9/2013	Carter Validus Mission Critical REIT, Inc.	Trust F	\$1,000,000.00	\$60,606.06	\$65,303.03	(\$4,696.97)
4/9/2013	Carter Validus Mission Critical REIT, Inc.	Trust G	\$570,000.00	\$34,545.45	\$29,081.63	\$5,463.82
1/30/2014	Carter Validus Mission Critical REIT, Inc.	Trust Q	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/30/2014	Carter Validus Mission Critical REIT, Inc.	Trust M	\$500,000.00	\$30,303.03	\$30,303.03	\$0.00

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
1/30/2014	Carter Validus Mission Critical REIT, Inc.	Trust G	\$500,000.00	\$25,510.20	\$25,510.20	\$0.00
1/30/2014	Carter Validus Mission Critical REIT, Inc.	Trust H	\$500,000.00	\$30,303.03	\$25,510.20	\$4,792.83
5/14/2014	Mission Critical	Trust I	\$370,000.00	\$25,900.00	\$25,900.00	\$0.00
9/25/2014	Mission Critical REIT II	Trust F	\$1,000,000.00	\$60,000.00	\$65,333.67	(\$5,333.67)
9/25/2014	Mission Critical REIT II	Trust H	\$1,000,000.00	\$60,000.00	\$51,109.07	\$8,890.93
9/26/2014	Mission Critical REIT II	Trust I	\$120,000.00	\$8,400.00	\$4,960.21	\$3,439.79
11/12/2014	Mission Critical REIT II	Trust C	\$60,000.00	\$4,200.00	\$2,480.11	\$1,719.89
12/9/2011	Global Growth Trust	Trust F	\$1,000,000.00	\$62,809.28	\$62,809.28	\$0.00
4/1/2013	Global Growth Trust	Trust F	\$1,000,000.00	\$41,237.11	\$31,250	\$9,987.11
1/2/2013	CNL Healthcare Properties	Trust Q	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/2/2013	CNL Healthcare Properties	Trust F	\$1,000,000.00	\$62,809.28	\$48,427.84	\$14,381.44
1/2/2013	CNL Healthcare Properties	Trust M	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
1/2/2013	CNL Healthcare Properties	Trust H	\$1,000,000.00	\$62,809.28	\$35,719.23	\$27,090.05
6/25/2013	CNL Healthcare Properties	Trust F	\$500,000.00	\$20,618.56	\$15,625.00	\$4,993.56
6/25/2013	CNL Healthcare Properties	Trust G	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
1/31/2014	CNL Healthcare Properties	Trust F	\$500,000.00	\$20,618.56	\$15,625.00	\$4,993.56
1/31/2014	CNL Healthcare Properties	Trust M	\$500,000.00	\$27,906.62	\$14,069.90	\$13,836.72
1/31/2014	CNL Healthcare Properties	Trust G	\$1,000,000.00	\$48,525.18	\$21,052.63	\$27,472.55
1/31/2014	CNL Healthcare Properties	Trust H	\$500,000.00	\$20,618.56	\$10,526.32	\$10,092.24
7/11/2012	Coporate Capital Trust, Inc.	Trust F	\$2,000,000.00	\$104,143.73	\$104,046.39	\$97.34
7/11/2012	Coporate Capital Trust, Inc.	Trust M	\$2,000,000.00	\$104,143.73	\$66,969.23	\$37,174.50
7/11/2012	Coporate Capital Trust, Inc.	Trust G	\$2,000,000.00	\$104,143.73	\$50,747.53	\$53,396.20
7/11/2012	Coporate Capital Trust, Inc.	Trust H	\$2,000,000.00	\$104,143.73	\$42,105.26	\$62,038.47
1/2/2013	Global Growth Trust	Trust M	\$1,000,000.00	\$62,809.28	\$41,237.11	\$21,572.17
1/2/2013	Global Growth Trust	Trust H	\$1,000,000.00	\$62,809.28	\$35,719.23	\$27,090.05
4/1/2013	Global Growth Trust	Trust M	\$350,000.00	\$14,432.99	\$10,937.50	\$3,495.49
4/1/2013	Global Growth Trust	Trust G	\$570,000.00	\$39,242.42	\$17,073.19	\$22,169.23

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
4/1/2013	Global Growth Trust	Trust H	\$500,000.00	\$20,618.56	\$10,526.32	\$10,092.24
1/13/2012	Global Income Trust	Trust F	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/27/2012	Global Income Trust	Trust M	\$500,000.00	\$35,000.00	\$27,809.28	\$7,190.72
1/27/2012	Global Income Trust	Trust G	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
1/27/2012	Global Income Trust	Trust H	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
4/9/2013	Global Income Trust	Trust F	\$1,000,000.00	\$48,427.83	\$31,250.00	\$17,177.83
4/9/2013	Global Income Trust	Trust G	\$570,000.00	\$30,695.88	\$22,281.73	\$8,414.15
5/19/2014	Healthcare	Trust I	\$370,000.00	\$25,900.00	\$7,789.40	\$18,110.60
1/13/2012	Cole Corporate Income Trust, Inc.	Trust F	\$500,000.00	\$30,303.03	\$35,000.00	(\$4,696.97)
1/27/2012	Cole Corporate Income Trust, Inc.	Trust M	\$500,000.00	\$35,000.00	\$27,809.28	\$7,190.72
1/27/2012	Cole Corporate Income Trust, Inc.	Trust G	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
1/27/2012	Cole Corporate Income Trust, Inc.	Trust H	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
4/9/2013	Cole Corporate Income Trust, Inc.	Trust F	\$1,000,000.00	\$36,243.56	\$31,250.00	\$4,993.56
4/9/2013	Cole Corporate Income Trust, Inc.	Trust G	\$570,000.00	\$23,505.15	\$18,336.82	\$5,168.33
1/13/2012	Cole Credit Property Trust III, Inc.	Trust F	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/27/2012	Cole Credit Property Trust III, Inc.	Trust M	\$500,000.00	\$30,303.03	\$30,303.03	\$0.00
1/27/2012	Cole Credit Property Trust III, Inc.	Trust G	\$500,000.00	\$30,303.03	\$25,510.20	\$4,792.83
1/27/2012	Cole Credit Property Trust III, Inc.	Trust H	\$500,000.00	\$30,303.03	\$25,510.20	\$4,792.83
5/30/2012	Cole Credit Property Trust IV, Inc.	Trust F	\$500,000.00	\$25,510.20	\$35,000.00	(\$9,489.80)
5/30/2012	Cole Credit Property Trust IV, Inc.	Trust M	\$500,000.00	\$25,510.20	\$30,000.00	(\$4,489.80)
5/30/2012	Cole Credit Property Trust IV, Inc.	Trust G	\$500,000.00	\$25,510.20	\$25,000.00	\$510.20
5/30/2012	Cole Credit Property Trust IV, Inc.	Trust H	\$500,000.00	\$25,510.20	\$25,000.00	\$510.20
4/9/2013	Cole Credit Property Trust IV, Inc.	Trust F	\$1,000,000.00	\$46,128.76	\$35,000.00	\$11,128.76

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
4/9/2013	Cole Credit Property Trust IV, Inc.	Trust G	\$570,000.00	\$28,396.80	\$16,400.00	\$11,996.80
5/21/2014	CCIT II	Trust H	\$1,000,000.00	\$65,303.03	\$65,303.03	\$0.00
5/21/2014	CCIT II	Trust F	\$1,000,000.00	\$65,303.03	\$51,020.41	\$14,282.62
6/25/2014	CCIT II	Trust M	\$1,000,000.00	\$65,303.03	\$41,237.11	\$24,065.92
6/25/2014	CCIT II	Trust H	\$1,000,000.00	\$65,303.03	\$31,250.00	\$34,053.03
6/25/2014	CCIT II	Trust F	\$1,000,000.00	\$65,303.03	\$21,052.63	\$44,250.40
6/25/2014	CCIT II	Trust G	\$500,000.00	\$35,000.00	\$10,526.32	\$24,473.68
6/25/2014	CCIT II	Trust Q	\$500,000.00	\$35,000.00	\$10,526.32	\$24,473.68
7/3/2013	Industrial Income Trust	Trust Q	\$500,000.00	\$30,303.03	\$33,653.85	(\$3,350.82)
7/3/2013	Industrial Income Trust	Trust F	\$1,000,000.00	\$51,020.41	\$53,666.52	(\$2,646.11)
7/3/2013	Industrial Income Trust	Trust M	\$500,000.00	\$30,303.03	\$24,529.04	\$5,773.99
7/3/2013	Industrial Income Trust	Trust H	\$500,000.00	\$30,303.03	\$24,529.04	\$5,773.99
1/16/2013	FS Investment Corporation II	Trust Q	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
1/16/2013	FS Investment Corporation II	Trust F	\$1,000,000.00	\$62,906.62	\$62,906.62	\$0.00
1/16/2013	FS Investment Corporation II	Trust M	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
1/16/2013	FS Investment Corporation II	Trust H	\$1,000,000.00	\$62,906.62	\$41,237.11	\$21,669.51
11/21/2014	Renewable Energy	Trust F	\$1,000,000.00	\$60,000.00	\$65,333.67	(\$5,333.67)
11/21/2014	Renewable Energy	Trust H	\$1,000,000.00	\$60,000.00	\$51,109.07	\$8,890.93
10/15/2012	American Health Care REIT II	Trust Q	\$500,000.00	\$35,000.00	\$25,000.00	\$10,000.00
10/15/2012	American Health Care REIT II	Trust B	\$50,000.00	\$3,500.00	\$2,000.00	\$1,500.00
10/15/2012	American Health Care REIT II	Trust C	\$60,000.00	\$4,200.00	\$2,400.00	\$1,800.00
10/15/2012	American Health Care REIT II	Trust F	\$1,000,000.00	\$65,000.00	\$65,000.00	\$0.00
10/15/2012	American Health Care REIT II	Trust M	\$500,000.00	\$35,000.00	\$25,000.00	\$10,000.00
10/15/2012	American Health Care REIT II	Trust H	\$500,000.00	\$35,000.00	\$20,000.00	\$15,000.00
6/25/2013	American Health Care REIT II	Trust F	\$500,000.00	\$25,000.00	\$20,618.56	\$4,381.44

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
6/25/2013	American Health Care REIT II	Trust M	\$500,000.00	\$29,890.00	\$20,618.56	\$9,271.44
6/25/2013	American Health Care REIT II	Trust H	\$500,000.00	\$29,890.00	\$20,618.56	\$9,271.44
10/15/2012	Griffin Capital Essential Asset REIT	Trust Q	\$500,000.00	\$25,510.20	\$32,651.52	(\$7,141.32)
10/15/2012	Griffin Capital Essential Asset REIT	Trust F	\$1,000,000.00	\$31,250.00	\$36,140.04	(\$4,890.04)
10/15/2012	Griffin Capital Essential Asset REIT	Trust M	\$500,000.00	\$25,510.20	\$7,936.51	\$17,573.69
10/15/2012	Griffin Capital Essential Asset REIT	Trust H	\$500,000.00	\$25,510.20	\$7,936.51	\$17,573.69
6/25/2013	Griffin Capital Essential Asset REIT	Trust F	\$1,000,000.00	\$41,237.11	\$41,123.37	\$113.74
6/25/2013	Griffin Capital Essential Asset REIT	Trust G	\$500,000.00	\$35,000.00	\$20,561.69	\$14,438.31
6/25/2013	Griffin Capital Essential Asset REIT	Trust H	\$500,000.00	\$25,510.20	\$20,561.69	\$4,948.51
8/27/2014	Healthcare REIT III	Trust F	\$1,000,000.00	\$65,303.04	\$57,711.19	\$7,591.85
8/27/2014	Healthcare REIT III	Trust Q	\$400,000.00	\$28,000.00	\$28,000.00	\$0.00
8/27/2014	Healthcare REIT III	Trust H	\$1,000,000.00	\$65,303.04	\$47,107.09	\$18,195.95
11/11/2014	Healthcare REIT III	Trust C	\$60,000.00	\$4,200.00	\$2,474.23	\$1,725.77
1/30/2014	Global Income	Trust F	\$1,000,000.00	\$40,000.00	\$35,000.00	\$5,000.00
1/30/2014	Global Income	Trust M	\$500,000.00	\$25,000.00	\$17,500.00	\$7,500.00
1/30/2014	Global Income	Trust G	\$500,000.00	\$25,000.00	\$17,500.00	\$7,500.00
1/31/2014	Global Income	Trust H	\$500,000.00	\$25,000.00	\$17,500.00	\$7,500.00
9/9/2013	Global REIT	Trust F	\$1,000,000.00	\$57,500.00	\$62,500.00	(\$5,000.00)
9/9/2013	Global REIT	Trust M	\$500,000.00	\$32,500.00	\$22,500.00	\$10,000.00
9/9/2013	Global REIT	Trust H	\$500,000.00	\$32,500.00	\$22,500.00	\$10,000.00
9/11/2013	Global REIT	Trust G	\$500,000.00	\$32,500.00	\$22,500.00	\$10,000.00
2/13/2014	HMS Income Fund, Inc.	Trust Q	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
2/13/2014	HMS Income Fund, Inc.	Trust F	\$1,000,000.00	\$62,500.00	\$48,525.17	\$13,974.83
2/13/2014	HMS Income Fund, Inc.	Trust M	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
2/13/2014	HMS Income Fund, Inc.	Trust G	\$500,000.00	\$35,000.00	\$20,618.56	\$14,381.44
2/13/2014	HMS Income Fund, Inc.	Trust H	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
1/2/2013	CION Investment Corporation	Trust Q	\$500,000.00	\$35,000.00	\$20,661.16	\$14,338.84

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
1/2/2013	CION Investment Corporation	Trust F	\$1,000,000.00	\$62,500.02	\$62,948.02	(\$448.00)
1/2/2013	CION Investment Corporation	Trust M	\$500,000.00	\$35,000.00	\$15,673.98	\$19,326.02
1/2/2013	CION Investment Corporation	Trust H	\$1,000,000.00	\$62,500.02	\$41,322.31	\$21,177.71
2/5/2014	CION Investment Corporation	Trust M	\$500,000.00	\$27,500.00	\$15,259.41	\$12,240.59
2/5/2014	CION Investment Corporation	Trust G	\$1,000,000.00	\$62,500.02	\$20,554.98	\$41,945.04
2/5/2014	CION Investment Corporation	Trust H	\$500,000.00	\$20,000.00	\$15,259.41	\$4,740.59
5/14/2014	ICON Fund XVI	Trust F	\$1,000,000.00	\$37,500.02	\$37,500.00	\$0.02
5/14/2014	ICON Fund XVI	Trust H	\$1,000,000.00	\$37,500.02	\$20,000.00	\$17,500.02
9/14/2011	Inland Diversified Real Estate Trust, Inc.	Trust F	\$1,000,000.00	\$40,000.00	\$58,161.72	(\$18,161.72)
1/17/2012	Inland Diversified Real Estate Trust, Inc.	Trust F	\$500,000.00	\$20,000.00	\$20,618.56	(\$618.56)
1/23/2014	KBS REIT III	Trust F	\$1,000,000.00	\$55,555.56	\$65,000.00	(\$9,444.44)
1/23/2014	KBS REIT III	Trust M	\$500,000.00	\$32,500.00	\$27,777.78	\$4,722.22
1/23/2014	KBS REIT III	Trust G	\$500,000.00	\$32,500.00	\$27,777.78	\$4,722.22
1/23/2014	KBS REIT III	Trust H	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
1/29/2014	KBS REIT III	Trust Q	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
6/25/2014	Strategic Opportunity Fund II	Trust Q	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
6/25/2014	Strategic Opportunity Fund II	Trust F	\$1,000,000.00	\$65,000.00	\$65,000.00	\$0.00
6/25/2014	Strategic Opportunity Fund II	Trust H	\$1,000,000.00	\$65,000.00	\$55,555.56	\$9,444.44
6/25/2014	Strategic Opportunity Fund II	Trust M	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
11/25/2014	Income REIT II	Trust F	\$1,000,000.00	\$60,000.00	\$65,303.03	(\$5,303.03)
11/25/2014	Income REIT II	Trust H	\$1,000,000.00	\$60,000.00	\$51,020.41	\$8,979.59
2/11/2014	Healthcare Income REIT	Trust Q	\$500,000.00	\$35,000.00	\$15,625.00	\$19,375.00
2/11/2014	Healthcare Income REIT	Trust F	\$1,000,000.00	\$60,606.06	\$65,303.03	(\$4,696.97)
2/11/2014	Healthcare Income REIT	Trust M	\$500,000.00	\$35,000.00	\$25,510.20	\$9,489.80
2/11/2014	Healthcare Income REIT	Trust G	\$500,000.00	\$35,000.00	\$25,510.20	\$9,489.80
2/11/2014	Healthcare Income REIT	Trust H	\$1,000,000.00	\$60,606.06	\$41,237.11	\$19,368.95
4/1/2013	Northstar REIT	Trust F	\$1,000,000.00	\$60,606.06	\$65,303.03	(\$4,696.97)
4/2/2013	Northstar REIT	Trust H	\$1,000,000.00	\$60,606.06	\$51,020.41	\$9,585.65

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
4/9/2013	Northstar REIT	Trust F	\$1,000,000.00	\$41,237.11	\$41,237.11	\$0.00
4/9/2013	Northstar REIT	Trust G	\$570,000.00	\$34,545.45	\$17,812.50	\$16,732.95
6/24/2013	Northstar REIT	Trust M	\$400,000.00	\$21,000.00	\$12,500.00	\$8,500.00
8/16/2013	ARC Shopping Center REIT	Trust Q	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
8/16/2013	ARC Shopping Center REIT	Trust F	\$1,000,000.00	\$65,303.04	\$43,392.04	\$21,911.00
8/16/2013	ARC Shopping Center REIT	Trust M	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
8/16/2013	ARC Shopping Center REIT	Trust G	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
8/16/2013	ARC Shopping Center REIT	Trust H	\$500,000.00	\$35,000.00	\$13,089.01	\$21,910.99
7/14/2014	Grocery Center REIT II	Trust Q	\$1,000,000.00	\$65,303.04	\$65,303.03	\$0.01
7/14/2014	Grocery Center REIT II	Trust G	\$500,000.00	\$35,000.00	\$13,190.95	\$21,809.05
7/14/2014	Grocery Center REIT II	Trust M	\$1,000,000.00	\$65,303.04	\$26,381.91	\$38,921.13
7/14/2014	Grocery Center REIT II	Trust F	\$1,000,000.00	\$65,303.04	\$26,381.91	\$38,921.13
7/14/2014	Grocery Center REIT II	Trust H	\$1,000,000.00	\$65,303.04	\$26,381.91	\$38,921.13
10/19/2011	Opportunity REIT	Trust F	\$1,000,000.00	\$60,601.57	\$70,000.00	(\$9,398.43)
8/23/2013	Rreef	Trust F	\$2,000,000.00	\$39,222.04	\$30,000.00	\$9,222.04
8/23/2013	Rreef	Trust M	\$1,000,000.00	\$24,395.16	\$15,000.00	\$9,395.16
8/23/2013	Rreef	Trust G	\$1,000,000.00	\$24,395.16	\$15,000.00	\$9,395.16
8/23/2013	Rreef	Trust H	\$1,000,000.00	\$24,395.16	\$15,000.00	\$9,395.16
8/23/2013	Rreef	Trust Q	\$500,000.00	\$14,566.61	\$7,500.00	\$7,066.61
1/2/2013	Sierra Income Coporation	Trust Q	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
1/2/2013	Sierra Income Coporation	Trust F	\$1,000,000.00	\$60,606.06	\$55,813.23	\$4,792.83
1/2/2013	Sierra Income Coporation	Trust M	\$500,000.00	\$35,000.00	\$25,510.20	\$9,489.80
1/2/2013	Sierra Income Coporation	Trust H	\$1,000,000.00	\$60,606.06	\$41,237.11	\$19,368.95
4/16/2013	Sierra Income Coporation	Trust F	\$1,000,000.00	\$41,237.11	\$31,380.75	\$9,856.36
4/16/2013	Sierra Income Coporation	Trust G	\$570,000.00	\$34,545.45	\$12,060.74	\$22,484.71
1/31/2014	Sierra Income Coporation	Trust B	\$50,000.00	\$3,500.00	\$1,057.08	\$2,442.92
1/31/2014	Sierra Income Coporation	Trust M	\$500,000.00	\$25,000.00	\$15,690.38	\$9,309.62
1/31/2014	Sierra Income Coporation	Trust G	\$500,000.00	\$25,000.00	\$15,690.38	\$9,309.62
1/31/2014	Sierra Income Coporation	Trust H	\$500,000.00	\$20,000.00	\$10,570.82	\$9,429.18
3/28/2014	Steadfast Apartment REIT	Trust F	\$1,000,000.00	\$70,000.00	\$43,535.35	\$26,464.65

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
3/28/2014	Steadfast Apartment REIT	Trust H	\$1,000,000.00	\$70,000.00	\$34,013.61	\$35,986.39
4/1/2013	Steadfast Income REIT	Trust F	\$500,000.00	\$32,500.00	\$32,500.00	\$0.00
4/1/2013	Steadfast Income REIT	Trust M	\$500,000.00	\$32,500.00	\$27,777.78	\$4,722.22
4/1/2013	Steadfast Income REIT	Trust H	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
6/25/2013	Steadfast Income REIT	Trust F	\$500,000.00	\$27,776.68	\$22,959.18	\$4,817.50
6/25/2013	Steadfast Income REIT	Trust M	\$500,000.00	\$27,776.68	\$18,041.24	\$9,735.44
6/25/2013	Steadfast Income REIT	Trust G	\$500,000.00	\$32,500.00	\$18,041.24	\$14,458.76
6/25/2013	Steadfast Income REIT	Trust H	\$500,000.00	\$27,776.68	\$13,020.83	\$14,755.85
6/25/2013	Steadfast Income REIT	Trust Q	\$500,000.00	\$32,500.00	\$13,020.83	\$19,479.17
6/18/2014	Apartment REIT	Trust Q	\$1,000,000.00	\$60,000.00	\$27,491.41	\$32,508.59
6/18/2014	Apartment REIT	Trust M	\$1,000,000.00	\$60,000.00	\$20,833.33	\$39,166.67
6/18/2014	Apartment REIT	Trust F	\$1,000,000.00	\$50,000.00	\$17,434.21	\$32,565.79
6/18/2014	Apartment REIT	Trust H	\$1,000,000.00	\$50,000.00	\$14,035.09	\$35,964.91
6/18/2014	Apartment REIT	Trust G	\$500,000.00	\$35,000.00	\$10,416.67	\$24,583.33
8/25/2014	Strategic Storage Trust Growth	Trust H	\$1,000,000.00	\$60,000.00	\$65,303.03	(\$5,303.03)
8/25/2014	Strategic Storage Trust Growth	Trust M	\$500,000.00	\$35,000.00	\$25,510.20	\$9,489.80
8/25/2014	Strategic Storage Trust Growth	Trust F	\$1,000,000.00	\$60,000.00	\$46,128.76	\$13,871.24
8/25/2014	Strategic Storage Trust II	Trust G	\$500,000.00	\$35,000.00	\$35,000.00	\$0.00
8/25/2014	Strategic Storage Trust II	Trust M	\$1,000,000.00	\$65,303.03	\$51,020.41	\$14,282.62
8/25/2014	Strategic Storage Trust II	Trust H	\$1,000,000.00	\$65,303.03	\$51,020.41	\$14,282.62
8/25/2014	Strategic Storage Trust II	Trust F	\$1,000,000.00	\$65,303.03	\$51,020.41	\$14,282.62
8/25/2014	Strategic Storage Trust II	Trust Q	\$500,000.00	\$35,000.00	\$30,303.03	\$4,696.97
3/28/2013	Smartstop Self Storage, Inc.	Trust M	\$500,000.00	\$30,000.00	\$32,437.44	(\$2,437.44)
3/28/2013	Smartstop Self Storage, Inc.	Trust H	\$500,000.00	\$30,000.00	\$28,089.89	\$1,910.11
4/1/2013	Smartstop Self Storage, Inc.	Trust F	\$500,000.00	\$30,000.00	\$23,651.84	\$6,348.16
6/25/2013	Smartstop Self Storage, Inc.	Trust Q	\$500,000.00	\$30,000.00	\$23,651.84	\$6,348.16
6/25/2013	Smartstop Self Storage, Inc.	Trust M	\$500,000.00	\$25,000.00	\$19,102.20	\$5,897.80

Transaction Date	Fund Name	Tribal Trust	Amount Purchased	Commission Charged	Proper Commission	Overcharge Commission
6/25/2013	Smartstop Self Storage, Inc.	Trust G	\$500,000.00	\$30,000.00	\$19,102.20	\$10,897.80
6/25/2013	Smartstop Self Storage, Inc.	Trust H	\$500,000.00	\$25,000.00	\$19,102.20	\$5,897.80
6/25/2013	Smartstop Self Storage, Inc.	Trust Q	\$500,000.00	\$30,000.00	\$19,102.20	\$10,897.80
1/23/2014	Trilinc Global	Trust F	\$1,000,000.00	\$60,000.00	\$65,333.67	(\$5,333.67)
1/23/2014	Trilinc Global	Trust M	\$500,000.00	\$35,000.00	\$25,554.53	\$9,445.47
1/23/2014	Trilinc Global	Trust H	\$500,000.00	\$35,000.00	\$25,554.53	\$9,445.47
1/29/2014	Trilinc Global	Trust Q	\$500,000.00	\$35,000.00	\$20,665.43	\$14,334.57
1/29/2014	Trilinc Global	Trust G	\$1,000,000.00	\$60,000.00	\$36,396.94	\$23,603.06
6/13/2014	Trilinc Global	Trust H	\$500,000.00	\$30,000.00	\$15,731.52	\$14,268.48
6/13/2014	Trilinc Global	Trust M	\$500,000.00	\$30,000.00	\$15,731.52	\$14,268.48
7/14/2014	Trilinc Global	Trust I	\$400,000.00	\$28,000.00	\$12,585.21	\$15,414.79
10/12/2012	UDF IV	Trust Q	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
10/12/2012	UDF IV	Trust B	\$50,000.00	\$3,250.00	\$1,302.08	\$1,947.92
10/12/2012	UDF IV	Trust C	\$60,000.00	\$3,900.00	\$1,562.50	\$2,337.50
10/12/2012	UDF IV	Trust F	\$1,000,000.00	\$65,000.00	\$65,000.00	\$0.00
10/12/2012	UDF IV	Trust M	\$500,000.00	\$32,500.00	\$22,959.18	\$9,540.82
10/12/2012	UDF IV	Trust H	\$500,000.00	\$32,500.00	\$13,020.83	\$19,479.17
4/9/2013	UDF IV	Trust Q	\$600,000.00	\$27,551.02	\$15,625.00	\$11,926.02
4/9/2013	UDF IV	Trust G	\$570,000.00	\$37,050.00	\$14,843.75	\$22,206.25
4/10/2013	UDF IV	Trust F	\$1,000,000.00	\$45,918.37	\$26,041.67	\$19,876.70
		Totals	\$190,375,000.00	\$11,391,328.70	\$8,018,025.02	\$3,373,303.68

Numbers in red indicate instances when, and the amount by which, the firm undercharged its commission.

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Purshe Kaplan Sterling Investments
(CRD No. 35747),

and

Gopi Krishna Vungarala
(CRD No. 4856193),

Respondents.

DISCIPLINARY PROCEEDING
No. 2014042291901

HEARING OFFICER - LOM

CERTIFICATE OF SERVICE

I hereby certify that on this 21ST day of February, 2017, I caused a copy of the foregoing **Notice of Acceptance of Offer of Settlement and Order Accepting Offer of Settlement** to be sent by certified first class mail, return receipt requested no. 9314869904300031305802, to Sharron E. Ash, Counsel for Respondent Purshe Kaplan Sterling Investments, at The Hamburger Law Firm LLC, 61 W. Palisade Avenue, Englewood, NJ 07631-2706, and via electronic mail to sash@hamburgerlaw.com.



Suzanne H. Bertolett
Senior Regional Counsel