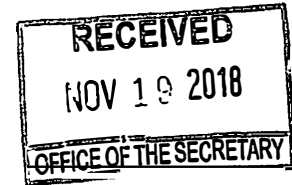


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-17849

In the Matter of

ANGEL OAK CAPITAL
PARTNERS, LLC, PERAZA
CAPITAL & INVESTMENT,
LLC, SREENIWAS PRABHU,
AND DAVID W. WELLS,

Respondents.

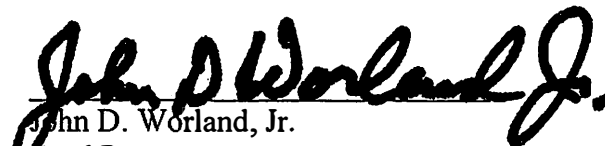
DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY DISPOSITION
PURSUANT TO RULE 250

The Division of Enforcement, by and through its counsel, pursuant to Rule 250(a) of the Commission Rules of Practice, respectfully moves for an order granting summary disposition finding that Peraza Capital & Investment, LLC is liable for \$1,180,487.98, in disgorgement, \$209,633.54 in prejudgment interest, and a penalty of \$75,000, for a total of \$1,465,121.52.

The grounds for this Motion are set forth in the accompanying Memorandum of Law and Declaration of John D. Worland, Jr.

Dated: November 16, 2018

Respectfully submitted,


John D. Worland, Jr.
Fuad Rana
Christina Adams

**COUNSEL FOR
DIVISION OF ENFORCEMENT**

**Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549**

CERTIFICATE OF SERVICE

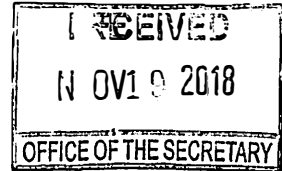
I hereby certify that on November 19, 2018, I filed the original and three copies of the Division of Enforcement's Motion for Summary Disposition pursuant to Rule 250, the Division's Memorandum of Law in Support of the Motion, and the Declaration of John D. Worland, Jr., with Exhibits, with the Secretary's Office, and served true copies by e-mail on the following:

The Honorable James E. Grimes
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington D.C. 20549-2557
ALJ@sec.gov

Mark David Hunter |
Hunter Taubman Fischer & Li LLC
2 Alhambra Plaza,
Suite 650
Coral Gables, Florida 33134
Office 305-629-1180
Fax 305-629-8099
Mobile 917-604-8328
Email mhunter@htflawyers.com
www.htflawyers.com
Counsel for Respondent Peraza Capital & Investment, LLC


John D. Worland, Jr

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-17849

In the Matter of

**ANGEL OAK CAPITAL
PARTNERS, LLC, PERAZA
CAPITAL & INVESTMENT,
LLC, SREENIWAS PRABHU,
AND DAVID W. WELLS,**

Respondents.

**DECLARATION OF JOHN D. WORLAND,
JR. IN SUPPORT OF THE DIVISION OF
ENFORCEMENT'S MOTION FOR
SUMMARY DISPOSITION PURSUANT TO
RULE 250**

JOHN D. WORLAND, JR., pursuant to 28 U.S.C. § 1746, do hereby declare:

1. I am an Assistant Chief Litigation Counsel with the Division of Enforcement ("the Division") of the Securities and Exchange Commission ("the Commission"). I submit this declaration in support of the Division's Motion for Summary Disposition pursuant to Rule 250.

2. Exhibit 1 is a true and correct copy of the Order Instituting Proceedings In the Matter of Angel Oak Capital Partners, LLC, Peraza Capital & Investment, LLC, Sreeniwas Prabhu, and David Wells, AP File No. 3-17849 ("OIP").

3. Exhibit 2 is a true copy of the mini-scribe deposition transcript of Xiomara Perez taken on May 17, 2017.

4. Exhibit 3 is a copy (highlighted to reflect the pertinent information) of Exhibit 1 to the deposition of Xiomara Perez, taken on May 17, 2017.

5. Ms. Perez testified that she was the Chief Financial Officer and Financial and Operations Principal (“FINOP”) for Peraza Capital. She testified that she created Exhibit 2 from the underlying books and records of Peraza Capital. She identified the line item on Exhibit 2, “Revenues less Commissions Paid,” to be the share of the Atlanta office revenue paid to Peraza Capital. She affirmed that \$1,521,705.87 was the revenue that Peraza Capital received over the 2010-2014 period from the trading done by Angel Oak.

6. Using only the revenue for the years 2012-2014 to comply with the Requirements of the *Kokesh* decision, the total amount of disgorgement revenue that Peraza received from Angel Oak, net of all relevant expenses actually incurred by Peraza, was \$1,180,487.98 in disgorgement.

7. Exhibit 4 is a copy of the prejudgment interest calculation that I undertook using the dates set forth in OIP for the disgorgement amount of \$1,180,487.98, as applied by the Commission’s interest rate calculator. The amount of prejudgment interest so calculated is \$209,633.54.

8. Exhibit 5 is a true copy of Peraza’s CRD report. Peraza changed its name to LPE Securities, LLC after this action had commenced.

Executed on November 16, 2018


John D. Worland, Jr.

EXHIBIT 1

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80053 / February 16, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17849

In the Matter of

**ANGEL OAK CAPITAL
PARTNERS, LLC, PERAZA
CAPITAL & INVESTMENT,
LLC, SREENIWAS PRABHU,
AND DAVID W. WELLS,**

Respondents.

**CORRECTED ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER, AND NOTICE OF
HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Angel Oak Capital Partners, LLC (“Angel Oak Capital Partners” or “AOC”), and pursuant to Section 21C of the Exchange Act against Peraza Capital & Investment, LLC (“Peraza Capital”), Sreeniwas Prabhu (“Prabhu”), and David W. Wells (“Wells”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the

Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, and Notice of Hearing (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds¹ that:

A. Introduction

1. This matter involves violations of the broker-dealer registration requirements of Section 15(a) of the Exchange Act by Angel Oak Capital Partners. Section 15(a) provides that brokers and dealers must register with the Commission, absent an applicable exemption.

2. From March 2010 to October 2014, Angel Oak Capital Partners violated the registration provisions of the Exchange Act by operating as an unregistered broker-dealer, primarily from an office located in Atlanta, Georgia. In late 2009, Angel Oak Capital Partners entered into an independent contractor agreement (the “IC Agreement”) with Peraza Capital, a registered broker-dealer. The agreement’s introduction provided that Angel Oak Capital Partners and Peraza Capital entered into the IC Agreement so that AOCP “may conduct a securities business through” Peraza Capital. Pursuant to the arrangement, traders employed by AOCP in its securities business were registered with FINRA as registered representatives of Peraza Capital. Peraza Capital also filed a Form BR with FINRA designating the Atlanta office as a branch office. By the terms of the agreement, Angel Oak Capital Partners was entitled to 85% of all commission revenue generated by the trading activities of the registered representatives in the Atlanta office. Peraza was to receive the remaining 15% for providing access to its trading platform, back office support, and clearance and settlement.

3. During the relevant period, Angel Oak Capital Partners held itself out as a broker-dealer. Angel Oak Capital Partners’ employees who were registered representatives of Peraza Capital entered into more than 900 trades and regularly solicited customers and marketed its securities business to prospective customers. In doing so, they often used the “Angel Oak” name.

4. Moreover, Angel Oak Capital Partners and its owners or employees, who were not registered as broker-dealers or associated with a registered broker-dealer, were involved in the operations of the securities business, including by hiring new employees to engage in securities activities and who would become registered representatives of Peraza Capital, determining compensation (including transaction-based compensation) for the employees, engaging in marketing activities, and participating in relevant discussions as to how to operate the business.

5. Angel Oak Capital Partners, an unregistered entity, received transaction-based compensation in connection with the purchase and sale of securities of approximately \$3,054,288 in commissions through its arrangement with Peraza Capital.

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. As a result of such conduct, Angel Oak Capital Partners engaged in broker-dealer activities without registering with the Commission, in violation of Section 15(a) of the Exchange Act.

7. Prabhu, an owner of Angel Oak Capital Partners, participated in deciding how to structure Angel Oak Capital Partners' securities business, including the initial decision to establish a relationship with Peraza Capital. Prabhu further participated in managing the affairs of Angel Oak Capital Partners' securities business and exercised a degree of control over the registered representatives who were associated with Peraza Capital and who were engaged in securities activities.²

8. Wells was involved in setting up the initial relationship between Angel Oak Capital Partners and Peraza Capital. In addition, for most of the relevant time period, Wells acted as the conduit for paying Angel Oak Capital Partners commission revenue generated as a result of the trading activities of the employees who were registered representatives of Peraza Capital. Wells was registered with Peraza Capital from 2009 to 2014 and acted as the branch manager and supervisor of the employees that operated under the name of Angel Oak and engaged in trading activities as registered representatives of Peraza Capital. Wells engaged in such conduct even though he knew Angel Oak Capital Partners was not registered as a broker-dealer and knew or should have known that the owners of Angel Oak Capital Partners, who were not registered as a broker-dealer or associated with a registered broker-dealer, were exercising control over the operation of the firm's securities business.

9. Peraza Capital, by permitting Angel Oak Capital Partners to access its trading platform, such as settlement and clearing services, provided assistance which allowed Angel Oak Capital Partners to operate a brokerage business without registering as a broker-dealer. Peraza Capital also facilitated Angel Oak Capital Partners' operation of its securities business by registering certain employees as licensed representatives through Peraza Capital. Peraza Capital facilitated Angel Oak Capital Partners' trading activities, even though it knew Angel Oak Capital Partners was not registered and knew or should have known that the owners of Angel Oak Capital Partners, who were not all registered as broker-dealers or associated with a registered broker-dealer, were exercising control over the operation of the firm's securities business. Through its arrangement with Angel Oak Capital Partners, Peraza Capital received commissions from the trading activity described above.

10. As a result of such conduct, Prabhu, Wells, and Peraza Capital caused Angel Oak Capital Partners' violation of Section 15(a) of the Exchange Act.

B. Respondents

11. **Angel Oak Capital Partners, LLC ("Angel Oak Capital Partners" or "AOCP")**, which was formed in 2008, is one of several affiliated entities that operate under the Angel Oak name. Angel Oak Capital Partners is the general partner to Angel Oak Capital Advisors,

² Prabhu was registered with Peraza Capital from September 2009 to September 2012.

LLC (“Angel Oak Capital Advisors”), a registered investment adviser. Angel Oak Capital Partners is not registered with the Commission in any capacity.

12. **Peraza Capital and Investment, LLC (“Peraza Capital”)** is a Florida corporation and has been a registered broker-dealer with the Commission since 2002. Peraza Capital is currently known as LPE Securities, LLC. Its primary office is in St. Petersburg, Florida.

13. **Sreenivas V. Prabhu**, age 44, lives in Atlanta, Georgia. He is a Managing Partner, a co-founder and the Chief Investment Officer of Angel Oak Capital Advisors. He is also an owner of AOC Securities, LLC (“AOC Securities”),³ a registered broker-dealer, Angel Oak Capital Partners II, LLC, and Angel Oak Consulting Group Portfolio Management, LLC. He is an indirect owner of Caravan Capital Management LLC. He currently holds a Series 66 license and previously held a Series 7 license, including for a period when he was associated with Peraza Capital. He was associated with Peraza Capital between September 2009 and September 2012.

14. **David W. Wells**, age 40, lives in Atlanta, Georgia. He is an employee of Angel Oak Capital Advisors. He formerly held Series 7 and 24 licenses while registered with Peraza Capital from approximately 2009 to 2014 and served as the branch manager and supervisor of the Atlanta office.

C. Facts

Angel Oak Capital Partners Entered into an Agreement with Peraza Capital

15. In early 2009, Prabhu, along with the firm’s other owners, wanted to conduct a securities business through Angel Oak Capital Partners and considered several options on how to set up the business, including by registering a broker-dealer. However, Prabhu was unsure whether a securities business would be profitable and would thus justify the expenses associated with registering a broker-dealer. Accordingly, Prabhu, in coordination with Wells and the firm’s other owners, explored alternatives to registering a broker-dealer.

16. Prabhu, among others, began negotiations with Peraza Capital to establish an arrangement by which Angel Oak Capital Partners would enter into a relationship with Peraza Capital. Prabhu intended that Angel Oak Capital Partners would run its securities business through Peraza Capital in exchange for payment of a percentage share of the commission revenue generated as a result of Angel Oak Capital Partners’ trading activities. In October 2009, the discussions culminated in the signing of the IC Agreement between Angel Oak Capital Partners and Peraza Capital.

17. The IC Agreement provided that Angel Oak Capital Partners would “conduct a securities business” through Peraza Capital. Peraza Capital was to provide “all necessary back office support” with respect to Angel Oak Capital Partners’ “sales and trading activities” and also provide a trading platform which allowed Angel Oak Capital Partners “to operate a trading desk to

³ In late 2014, Angel Oak Capital Partners discontinued its arrangement with Peraza Capital. In December 2014, AOC Securities, an affiliate of Angel Oak Capital Partners, registered with the Commission as a broker-dealer.

execute trades in bonds and mortgage-backed securities.” All trades would be cleared and settled by Peraza Capital’s clearing firm.

18. In October 2009, Peraza Capital filed a Form BR with FINRA designating an office in Atlanta established for the securities trading as an “Office of Supervisory Jurisdiction.”

19. Wells and other registered representatives in the Atlanta office began executing trades through Peraza Capital’s trading platform in March 2010. The employees of Angel Oak Capital Partners involved in securities trading registered with FINRA as registered representatives of Peraza Capital.

20. For most of the relevant time period, Wells served as the branch supervisor of the registered representatives in the Atlanta office. In December 2012, Wells entered into an independent contractor agreement with Peraza Capital on substantially the same terms as the initial IC Agreement.

21. Angel Oak Capital Partners incurred various expenses pursuant to the IC Agreements. In particular, Angel Oak Capital Partners provided the office space as well as supplies, computers, e-mail access, and access to Bloomberg services. Angel Oak Capital Partners further paid a salary or draw to its employees who were registered representatives, and provided health and retirement benefits.

22. As the firm’s business grew, Angel Oak Capital Partners tracked the profitability of its operations. For instance, Angel Oak Capital Partners prepared financial statements and other reports that tracked, on a monthly basis, the amount of commission revenue the firm earned (minus the share paid out to Peraza Capital) versus its expenses. These reports demonstrated that in certain months, Angel Oak Capital Partners earned a profit from its trading activities.

Angel Oak Capital Partners Generated Substantial Revenue from its Trading Activities

23. Angel Oak Capital Partners employees who were registered representatives of Peraza Capital brokered trades in fixed income securities and structured products, including mortgage-backed securities. Between March 2010 and October 2014, Angel Oak Capital Partners employees who were registered representatives of Peraza Capital entered into more than 900 trades.

24. The commissions generated by such trading activities were distributed as follows:

- Pursuant to the IC Agreements, Peraza Capital retained 15% of all commission revenue generated by the trading activities conducted by Angel Oak Capital Partners employees registered with Peraza Capital.⁴ Because the relevant trades were cleared through Peraza Capital’s clearing firm, Peraza Capital deducted its 15% share, on a monthly basis, before paying out the remaining balance.

⁴ From approximately April 2011 to July 2012, Peraza Capital’s share of the revenue was 10%. It went to 20% from approximately September to October 2011. For most of the relevant time period, Peraza Capital’s share was 15%.

- After retaining its 15% share, Peraza Capital transmitted the balance to the account of a registered representative of Peraza Capital. During most of the relevant period, this person was Wells.
- Wells, who engaged in securities trading activities, withheld his share of the commission revenue for any trades he handled. He then paid out the commission revenue to other Angel Oak Capital Partners' employees registered with Peraza Capital as compensation for their trading activities.
- Wells typically paid out the remaining balance of the commission revenue directly to Angel Oak Capital Partners. Wells frequently paid the remainder without regard to the amount of any expenses incurred by Angel Oak Capital Partners in support of the trading activities. Neither Wells nor Peraza Capital entered into an expense-sharing agreement with Angel Oak Capital Partners until January 2014.

25. During the relevant time period, Angel Oak Capital Partners received approximately \$3,054,288 in commissions as a result of its arrangement with Peraza Capital. Peraza Capital, in turn, received commissions as a result of the arrangement.

Angel Oak Capital Partners Operated a Securities Business

26. Angel Oak Capital Partners and its owners, who were not registered as broker-dealers or associated with a registered broker-dealer, controlled certain of the operations of the securities business engaged in by its employees, including by hiring new employees to engage in securities trading and who became registered representatives of Peraza Capital, determining compensation (including transaction-based compensation), and participating in relevant discussions as to how to operate the securities business.

27. Angel Oak Capital Partners marketed itself to prospective customers as providing broker-dealer services, without always disclosing its relationship with Peraza Capital. Angel Oak Capital Partners further prepared marketing materials for distribution to prospective customers that described the firm. One such document sent to a potential bank customer described the "Angel Oak Family of Companies" to include a "Full-Service Fixed Income Broker-Dealer." Moreover, trade confirmations provided to customers routinely indicated that it was "Angel Oak" that was involved in the transaction.

28. Angel Oak Capital Partners made all relevant decisions relating to the staffing of the securities business. For instance, when the firm commenced trading activities in March 2010, the firm had approximately six employees who were engaged in trading-related activities, including the regular solicitation of customers. The firm eventually hired additional staff to expand its securities business. These employees received offer letters from Angel Oak Capital Partners. Angel Oak Capital Partners also determined how much compensation the new hires would receive, including by setting their draws or salary, trading commission percentage and the amount of any performance bonus to which they would be entitled.

29. Angel Oak Capital Partners further held regular internal meetings to discuss the various Angel Oak business lines. These meetings included updates regarding the broker-dealer business, such as the number of trades conducted, new accounts opened, and information regarding prospective customers. In such communications, Angel Oak Capital Partners identified its trading activities as part of the firm's securities business and considered opportunities to expand the business.

Prabhu Caused Angel Oak Capital Partners to Violate Section 15(a) of the Exchange Act

30. Prabhu participated in the management of the securities business in the Atlanta office, and exercised a degree of control over those employees who engaged in securities trading as registered representatives of Peraza Capital. Prabhu did so, even though for most of the relevant time period he was not registered as a licensed securities representative or principal.

31. Prabhu participated in deciding how to structure Angel Oak Capital Partners' securities business, including the initial decision to establish a relationship with Peraza Capital. Prabhu, along with the firm's other owners, wanted to conduct a securities business through Angel Oak Capital Partners but were concerned about the cost of registering a broker-dealer. Prabhu therefore wanted to determine whether the firm could profitably conduct a securities business before deciding whether to register as a broker-dealer. Prabhu led negotiations with Peraza Capital to set up the relationship, which culminated in the signing of the initial IC Agreement in October 2009, and further negotiated with Peraza Capital the percentage fee arrangement.

32. Prabhu further participated in the affairs of the securities business in the Atlanta office. For instance, Prabhu was involved in determining compensation, including performance bonuses, for some employees of Angel Oak Capital Partners who were registered representatives of Peraza Capital. He further provided input into the amount of compensation some new hires of the firm were to receive. On several occasions, Prabhu was asked to address personnel problems and other internal issues that arose in the course of operating the securities business. Prabhu also received regular updates about the marketing and trading activities of employees of Angel Oak Capital Partners who were registered representatives of Peraza Capital. He further received regular updates regarding the profitability of the business.

Wells and Peraza Capital Further Caused Angel Oak Capital Partners to Violate Section 15(a) of the Exchange Act

33. Like Prabhu, Wells was involved in setting up the initial relationship between Angel Oak Capital Partners and Peraza Capital. At the time, Wells understood that Angel Oak Capital Partners could register as a broker-dealer, but the firm first wanted to determine whether it could operate a securities business profitably before deciding to register with the Commission. Wells was also involved in negotiating the percentage fee that Peraza Capital would retain in connection with the IC Agreements.

34. Once the initial IC Agreement was executed, Wells took the Series 24 exam and acted as the branch supervisor of the Angel Oak Capital Partners' employees who were registered representatives of Peraza Capital and who engaged in securities trading. Wells was responsible for entering all trades into the trading platform of Peraza Capital. Wells provided regular updates to,

and took direction from, unregistered owners of Angel Oak Capital Partners regarding the operation of the securities business and its profitability.

35. For most of the relevant time period, Wells acted as the conduit for paying Angel Oak Capital Partners commission revenue generated by the trading activity of the Angel Oak Capital Partners' employees who were registered representatives of Peraza Capital. After Peraza Capital retained its share of the commission revenue generated by the trading, Peraza Capital paid the balance to a personal bank account in the name of Wells. Wells then paid himself as well as the other Angel Oak Capital Partners' employees who were registered representatives of Peraza Capital and engaged in securities trading. Wells then often paid the remaining balance directly to Angel Oak Capital Partners.

36. Wells engaged in the foregoing conduct even though he knew Angel Oak Capital Partners was not registered as a broker-dealer and knew or should have known that the owners of Angel Oak Capital Partners, who were not registered as broker-dealers or associated with a registered broker-dealer, were controlling the operation of the firm's securities business.

37. Peraza Capital provided Angel Oak Capital Partners employees who were registered representatives of Peraza Capital access to its trading platform, through which trades were submitted for execution. Peraza Capital also provided access to its clearing firm arrangement as well as trade support services. Peraza Capital employees interacted with the clearing firm on behalf of Angel Oak Capital Partners. Peraza Capital also allowed employees of Angel Oak Capital Partners to register with Peraza as licensed securities representatives. Peraza Capital facilitated Angel Oak Capital Partners' ability to operate as an unregistered broker-dealer by providing these services when it knew or should have known that the owners of AOC, who were not all registered as broker-dealers or associated with a registered broker-dealer, were controlling the securities activities of the employees involved in the securities business.

38. Peraza Capital also facilitated the payment arrangement by which Angel Oak Capital Partners indirectly received transaction-based compensation through Wells. As discussed above, Wells, as a licensed supervisor for Peraza Capital, received from Peraza Capital transaction-based compensation, which he then transmitted to Angel Oak Capital Partners periodically, typically on a monthly basis.

D. Violations

39. As a result of the conduct described above, AOC willfully violated Section 15(a) of the Exchange Act.⁵

40. As a result of the conduct described above, Peraza Capital, Prabhu, and Wells caused AOC's violation of Section 15(a) of the Exchange Act.⁶

⁵ A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

IV.

Pursuant to this Order, Peraza Capital agrees to additional proceedings in this proceeding to determine whether it is appropriate to order disgorgement, prejudgment interest and/or civil penalties pursuant to Sections 21B and 21C of the Exchange Act, and if so, the amount of disgorgement and/or civil penalties. If disgorgement is ordered, Respondent Peraza Capital shall pay prejudgment interest thereon, calculated from October 1, 2014, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with such additional proceedings, Peraza Capital agrees: (A) it will be precluded from arguing that it did not violate the federal securities laws described in this Order; (b) it may not challenge the validity of its Offer of Settlement and this Order; (c) solely for the purposes of such additional proceedings, the findings made in this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of testimony, affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

V.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers, and to continue proceedings against Peraza Capital to determine whether it is appropriate to order disgorgement and/or civil penalties pursuant to Sections 21B and 21C of the Exchange Act, and, if so, the amount(s) of the disgorgement and/or civil penalties, in accordance with Section IV above.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Angel Oak Capital Partners cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Pursuant to Section 21C of the Exchange Act, Respondent Peraza Capital cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

C. Pursuant to Section 21C of the Exchange Act, Respondent Prabhu cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

D. Pursuant to Section 21C of the Exchange Act, Respondent Wells cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

⁶ For "causing" liability, three elements must be established: (1) a primary violation, (2) an act or omission by the respondent that was a cause of the violation, and (3) the respondent knew, or should have known, that his conduct would contribute to the violation. Negligence is sufficient to establish liability for causing a primary violation that does not require proof of scienter.

E. Respondent Angel Oak Capital Partners be, and hereby is, censured pursuant to Section 15(b)(6) of the Exchange Act.

F. Angel Oak Capital Partners shall pay disgorgement of \$3,054,288, prejudgment interest of \$237,082, and a civil money penalty of \$375,000—for a total amount of \$3,666,370—to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment is not made on the civil money penalty, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments:

1. \$1,833,185, within 10 days of entry of this Order;
2. \$458,296.25, within 90 days of entry of this Order;
3. \$458,296.25, within 180 days of entry of this Order;
4. \$458,296.25, within 270 days of entry of this Order; and
5. \$458,296.25, within 360 days of entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

G. Prabhu shall pay a civil money penalty of \$40,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made on the civil money penalty, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments:

1. \$20,000 within 10 days of entry of this Order;
2. \$10,000, within 180 days of entry of this Order; and
3. \$10,000, within 360 days of entry of this Order.

H. Wells shall pay a civil money penalty of \$40,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made on the civil money penalty, additional interest shall accrue pursuant to 31 U.S.C. §3717. Payment shall be made in the following installments:

1. \$20,000 within 10 days of entry of this Order;
2. \$10,000, within 180 days of entry of this Order; and
3. \$10,000, within 360 days of entry of this Order.

I. Payments by Respondents must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Gerald W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

J. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

VI.

IT IS FURTHER ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section IV hereof shall be convened not earlier than sixty (60) days and not later than ninety (90) days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

If Peraza Capital fails to appear at a hearing after being duly notified, Peraza Capital may be deemed in default and the proceedings may be determined against it upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.221(f) and 201.310.

This Order shall be served forthwith upon Peraza Capital as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 120 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

VII.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary

EXHIBIT 2

In The Matter Of:

*In the Matter of: Angel Oak Capital Partners, LLC,
Peraza Capital & Investment, LLC, et al.*

*Xiomara Perez
May 17, 2017*

*Behmke Reporting and Video Services, Inc.
160 Spear Street, Suite 300
San Francisco, California 94105
(415) 597-5600*

Page 1

1 UNITED STATES OF AMERICA
 2 BEFORE THE
 3 SECURITIES AND EXCHANGE COMMISSION
 4 ADMINISTRATIVE PROCEEDING
 5
 6 -----
 7 In the Matter of)
 8 ANGEL OAK CAPITAL PARTNERS, LLC,)
 9 PERAZA CAPITAL & INVESTMENT,) FILE NO.
 10 LLC, SREENIWAS PRABHU, AND DAVID) 3-17849
 11 W. WELLS,)
 12 Respondents.)
 13 -----
 14
 15
 16 DEPOSITION OF XIOMARA PEREZ
 17 WEDNESDAY, MAY 17, 2017
 18
 19
 20
 21 BEHMK REPORTING AND VIDEO SERVICES, INC.
 22 BY: LISA A. SIMONS-CLARK, RMR, CRR
 23 160 SPEAR STREET, SUITE 300
 24 SAN FRANCISCO, CALIFORNIA 94105
 25 (415) 597-5600

Page 3

1 APPEARANCES OF COUNSEL:
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 12 COMMISSION:
 13 BY: JOHN D. WORLAND, JR., ATTORNEY AT LAW
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 20
 21
 22
 23
 24
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Page 2

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 4
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 6
 7
 8 Deposition of XIOMARA PEREZ, taken on behalf
 9 of the Securities and Exchange Commission, at Wiand
 10 Guerra King, P.A., 5505 West Gray Street, Tampa,
 11 Florida, commencing at 9:29 A.M., WEDNESDAY, MAY 17,
 12 2017, before Lisa A. Simons-Clark, Registered Merit
 13 Reporter and Certified Realtime Reporter, pursuant
 14 to Notice of Deposition.
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

Page 4

1 INDEX
 2 WEDNESDAY, MAY 17, 2017
 3 XIOMARA PEREZ Page
 4 Examination by MR. WORLAND 6
 5
 6
 7 -o0o-
 8
 9
 10
 11 QUESTIONS WITNESS INSTRUCTED NOT TO ANSWER:
 12 PAGE LINE
 13 None.
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

Page 5			Page 7		
1	EXHIBITS		1	A. No.e	
2	XIOMARA PEREZ		2	Q. Okay. Could you please describe -- where did	
3	Number	Description	3	you go to high school?e	
4	Exhibit 1	Document prepared by Ms. Perez for	4	A. The Bronx, Theodore Roosevelt High School.e	
5		the waiver application request	5	Q. So are you from New York?e	
6		- 7 pages	6	A. I am.e	
7		40	7	Q. Did you have a formal education after?e	
8			8	A.e I did.e	
9			9	Q. Where did you go?e	
10			10	A. I went to school at SUNY New Paltz, Upstatee	
11			11	New York.e	
12			12	Q. Upstate New York. Did you get a degree?e	
13			13	A. I did.e	
14			14	Q. In what?e	
15			15	A. A Bachelor of Science in Accounting.e	
16			16	Q. Accounting. Now, what did you do -- do you	
17			17	have any other formal education?e	
18			18	A. No.	
19			19	Q. Okay. Did you ever do a CPA exam or anything	
20			20	like that?e	
21			21	A.e I did not.e	
22			22	Q. I see in some E-mails that you have that you	
23			23	put CRCP after your name. What is that?e	
24			24	A.e It's the -- it's a compliance professional	
25			25	program by FINRA.e	
Page 6			Page 8		
1	WEDNESDAY, MAY 17, 2017; 9:29 A.M.		1	Q. Okay. Did you take an exam for that?e	
2			2	A.e I did.e	
3	XIOMARA PEREZ,		3	Q. When did you get that?e	
4	the witness herein, being first duly sworn on oath, was		4	A. 2013. 2011. I'm sorry.e	
5	examined and deposed as follows:		5	Q. Okay. Were you working at Peraza at that	
6	THE WITNESS: Yes.		6	time?e	
7	EXAMINATION		7	A.e I was.e	
8	BY MR. WORLAND:		8	Q. Any other formal professional certification?e	
9	Q. Ms. Perez, could you please pronounce your		9	A. That's the only one.e	
10	first name for me?e		10	Q. Okay. Where did you work for -- where did you	
11	A.e Xiomara.e		11	go to work after you graduated college?e	
12	Q. Xiomara. Okay. Now, you were previously --		12	A. Dean Witter.e	
13	previously testified in an SEC investigation. Do you		13	Q. Where was that?e	
14	recall that?e		14	A. New York City.e	
15	A. Yes.e		15	Q. New York City. What did you do for Deane	
16	Q. Have you ever testified or given a deposition		16	Witter?e	
17	in any other context?e		17	A.e I was a mutual fund accountant.e	
18	A.e No. No.e		18	Q. How long were you there?e	
19	Q. Okay. It's going to be -- the rules are		19	A.e A couple of years.e	
20	basically the same. It's important that we not talk		20	Q. When did you graduate college?e	
21	over each other because the court reporter can't get		21	A.e '97.e	
22	it. If you have any conditions or medication that		22	Q. '97. And so you were at Dean Witter until '99e	
23	would affect you, could you let us know?e		23	or so?e	
24	A. Yes.e		24	A. About.e	
25	Q. Do you have any such things?e		25	Q. Where did you go after Dean Witter?e	

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1 A. After Dean Witter I worked at Socgen, the
2 French investment bank.
3 Q. How do you say that?
4 A. Socgen, S-o-c-g --
5 Q. Okay. How long were you there?
6 A. I want to say two, three years.
7 Q. Were they also in New York City?
8 A. They were also in New York City.
9 Q. What sort of work did you do for them?
10 A. Regulatory, in the regulatory reporting
11 department.
12 Q. Where did you go after that?
13 A. After that I worked for Dresdner, Dresdner
14 Securities, the German investment bank.
15 Q. You're sort of going around Europe there, are
16 you? Was that also in New York?
17 A. It was downtown Wall Street.
18 Q. What did you do for them?
19 A. In the same area, regulatory reporting.
20 Q. Okay. And what does that take us up to? 2000
21 something?
22 A. About 2000 or so. 2001.
23 Q. Where did you go next?
24 A. I worked for -- for FINRA in the American
25 Stock Exchange firms doing exams on net capital

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1 analysis and all that.
2 Q. So you were employed by FINRA?
3 A. I was.
4 Q. Did you have a title?
5 A. Examiner.
6 Q. Examiner?
7 A. Uh-huh. (Indicates affirmatively).
8 Q. And you worked on firms that were --
9 A. Am Ex firms.
10 Q. Firms on the floor of the Am Ex?
11 A. Correct.
12 Q. And how long did you do that?
13 A. Three-something years.
14 Q. Was -- that was in New York City?
15 A. That was in New York City as well.
16 Q. Okay. What did you do after FINRA?
17 A. I moved to Florida.
18 Q. Well, that's something. What was your first
19 job down here?
20 A. I worked for GunnAllen Securities.
21 Q. What sort of firm is that?
22 A. Broker/dealer.
23 Q. How big was it?
24 A. Reps-wise, probably in the neighborhood of six
25 to 800 reps.

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1 Q. Six to 800?
2 A. Uh-huh. (Indicates affirmatively).
3 Q. And where were they based?
4 A. Tampa, Florida.
5 Q. Tampa, Florida?
6 A. Uh-huh. (Indicates affirmatively).
7 Q. How long did you work for them?
8 A. Four years and change.
9 Q. Okay. What sort of work?
10 A. Controller in the accounting department and
11 underneath the CFO.
12 Q. Where did you go next?
13 A. I was briefly at Jessup LaMont Securities in
14 Orlando until their -- I was there about 10 months
15 only, and then I -- I went to Peraza.
16 Q. Okay. When did you go to Peraza?
17 A. The -- late December '08, early '09.
18 Q. So you were in Orlando, and you came back to
19 Tampa?
20 A. Right.
21 Q. What was the cause of that change?
22 A. Jessup and LaMont was, I guess, one of the
23 firms that didn't make the whole Bear Stearns fiasco in
24 2008. So their offices in Orlando closed down, and we
25 met -- I met Sam through -- through Jim and through

Page 12

1 Kevin Carreno in December of 2008.
2 Q. What was your prior relationship with
3 Mr. Sallah?
4 A. The same relationship as we have today, that
5 of legal, at different firms, you know.
6 Q. Okay. Had he been counsel to Jessup?
7 A. No. No.
8 Q. So you just knew him as a lawyer --
9 A. Right.
10 Q. -- through the broker/dealer --
11 A. You worked in -- I don't think I talked with
12 you then.
13 MR. SALLAH: No.
14 BY MR. WORLAND:
15 Q. Okay. And have you been working for Peraza
16 ever since --
17 A. Yes.
18 Q. -- December of '08?
19 A. Yes.
20 Q. How big was Peraza when you joined?
21 A. When I joined Peraza, very small. Sam, Susie,
22 and Andy Lewis, a couple of support people, and that
23 was pretty much it.
24 Q. Okay. Who is -- "Susie" is Susie Peraza?
25 A. Susie Peraza, Sam Lewis, and Andy Lewis.

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1 Q. And who is Andy Lewis?
2 A.e A producer who was a family member of Sam, ae
3 cousin of Sam's and a producer of the firm at the time.e
4 Q. By "producer," what do you mean?
5 A.e A registered representative.e
6 Q.e Okay. Now, did Peraza, as of that point ine
7 time, have any branch offices?
8 A. No.e
9 Q. What was the basic business model of Peraza ate
10 that time?
11 A. Mortgage-backed securities is what they'vee
12 always done.e
13 Q. So they basically -- they were a dealer ine
14 mortgage-backed securities?
15 A.e Correct.e
16 Q. Between when you joined and, say, the end ofe
17 2015 --
18 A. Okay.e
19 Q. -- could you describe the changes that Perazae
20 has undergone, changes in personnel, changes in thee
21 business model? Just give me a 10,000-foot view.
22 A. Yeah, I'll try to do it in order. I may havee
23 to --
24 Q. Yeah.e
25 A. So we -- when we got there, like I told you,

Page 14

1 it was very small, just Sam, Susie, and Andy. Throughe
2 that 2009 year, the idea was to go back to FINRA and
3 apply for a CMA, a Continuous Membership Application,
4 where the firm was allowed to expand and open up, be
5 able to get -- get approved to open up a few other
6 branches and increase the number of registered
7 representatives that the firm was allowed to have at
8 the time.
9 So most of 2009 was spent preparing that
10 Continuing Membership Application and submitting that
11 to FINRA and preparing for this new growth plan. The
12 first -- I would say the first -- I would say they were
13 the first, yeah.
14 Sometime in that summer, late 2009, the
15 relationship with Angel Oak Capital started. We went
16 to Atlanta. A few of us at the firm went to Atlanta to
17 meet with David Wells and other individuals thate- at
18 Angel Oak and to set up a relationship where they would
19 be registered representatives of Peraza.
20 Through 2010 we get approved for the CMA.
21 We're able to now have the -- FINRA says that we can
22 have up to 10 branches and 50 registered
23 representatives. So the focus now turns to trying to
24 obviously get there, grow that and maximize that plan.
25 So the -- there's a few other branches that

Page 15

1 sign up, smaller branches, one in Texas. I want to say
2 one in maybe -- some people in Boca came at a later
3 date, but the -- the relationship with Angel Oak had
4 already -- you know, they had already registered
5 individuals, a couple of offices, one in
6 North Carolina with one person they had.
7 2011, '12, the same sort of idea. Let's -- by
8 that time we had -- Sam had also -- 2009, when we get
9 approved for the -- or '10 when we get approved for the
10 CMAs, Sam is told by FINRA that in order to -- to go
11 ahead and expand on these branches and these registered
12 representatives, you know, the infrastructure at the
13 firm also has to sort of grow, you know, that he
14 couldn't be wearing one hat, you know, or many hats.
15 So the -- the idea was always to -- at that
16 point he hired other individuals to obviously help with
17 some of the support functions and -- with this growth
18 plan on these 10 branches. '11 -- 2011, '12, you know,
19 the -- sort of training and trying to recruit
20 personnel, that whole effort was undergoing.
21 20 -- other -- other people come, other branch
22 offices, some associated with Angel Oak reps come and
23 go; and we then, 2014, '13, '14, we hired -- we opened
24 up a couple of branches in New York that now by 2016
25 are -- are gone and -- and that's pretty much sort

Page 16

1 of -- in a nutshell.
2 Q.e That's very helpfule
3 A.e That's very thin. I would say the 25,000e
4 view.e
5 Q. Yeah, that's fine. So let's go over wheree
6 they had some branches. They had -- the first branche
7 was in Atlanta?
8 A.e That was the first one, yeah.e
9 Q.e At one point they had one in North Carolina?
10 A.e Yes. It was an Atlanta rep that lived in
11 North Carolina, did -- he did commuting. So we set up
12 a registered office there as well.e
13 Q. Okay. But he was originally from Atlanta?
14 A.e Correct.e
15 Q. And he had one in Texas?
16 A. There was a branch in Texas, yes.e
17 Q. Was that also through Angel Oak?
18 A.e No.e
19 Q. Okay. So this was an independent branch?
20 A.e Correct.e
21 Q. How many registered reps were there?
22 A. Six to eight. I'm going to say six to nine
23 maybe.e
24 Q. And when -- what was the time period about?
25 A. I want to say 2010 through maybe '12 about.e

Page 17

1 Q. Okay.
2 A. '11, '12.
3 Q. And you had a branch in Boca Raton?
4 A. We had a branch in Boca Raton.
5 Q. Is that through Atlanta?
6 A. No.
7 Q. Okay. How many did you have -- how many
8 registered reps --
9 A. Two individuals.
10 Q. And what was the time period on that?
11 A. 2010, '11, through last year.
12 Q. Okay. And then you had -- how many branches
13 did you have in New York?
14 A. We had two branches in New York and one -- and
15 one office associated with the Boca Raton office also
16 in New York.
17 Q. Okay. I didn't quite get that. Did you --
18 A. So there was a registered representative that
19 was registered through the Boca Raton office that also
20 had an office in New York --
21 Q. Okay.
22 A. -- and that space was also registered.
23 Q. So you had a Boca Raton registration and a
24 New York registration?
25 A. Correct.

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1 Q. And that was direct from Peraza?
2 A. Yes.
3 Q. No Angel Oak involvement?
4 A. No Angel Oak involvement.
5 Q. Did you also have an office in New York
6 through Angel Oak?
7 A. We did at one point, yes.
8 Q. How many people were in that office?
9 A. Oh, gosh, I don't remember. A guess would be
10 three to eight probably somewhere there.
11 Q. Okay. So we've got Texas, North Carolina,
12 Atlanta, Boca Raton, and New York, those five?
13 A. Right.
14 Q. And I guess there were two offices in
15 New York. Any others?
16 A. Not that I recall right now, no.
17 Q. Okay. The -- now, when did the relationship
18 with Angel Oak end?
19 A. 2015.
20 Q. The --
21 A. Time flies.
22 Q. Okay. The registered reps who were in
23 New York who had come to you through Angel Oak --
24 A. They left way before the relationship with
25 Angel Oak ended.

Page 19

1 Q. Okay. Who -- who were the New York-based
2 registered reps for Peraza in 2015?
3 A. Who?
4 Q. Just -- how many were there? Did you still
5 have that relationship?
6 A. In 2015?
7 Q. Right.
8 A. I don't think so. I mean, I'd have to go back
9 and -- and review COD records, but I think the
10 relationship with that Angel Oak-associated branch in
11 New York ended, I want to say first or second quarter
12 of 2015 at the latest. I don't think it was later than
13 that.
14 Q. Okay. Was there another registered rep
15 situation in New York that continued past that?
16 A. Yes, but not Angel Oak-related.
17 Q. Okay. Was that the Boca Raton relationship?
18 A. That was one of them, yes.
19 Q. Okay. So you -- you grew some registered reps
20 in New York independently of Angel Oak?
21 A. Correct.
22 Q. And how long did that relationship last?
23 A. Those relationships lasted, I want to say,
24 through last year, 2015 or end of '14 through 2016, and
25 one of them just ended, another -- the last one that

Page 20

1 was there. The second one just ended.
2 Q. Okay. As we sit here today, does Peraza have
3 any branch offices or relationships anywhere other than
4 Tampa?
5 A. We have the one office related to Boca Raton
6 in New York, and that's the only relationship that we
7 have.
8 Q. Do you still have registered reps in
9 Boca Raton?
10 A. We -- we have one registered rep in
11 Boca Raton.
12 Q. So you have one in Boca Raton and an office --
13 A. Two.
14 Q. And two --
15 A. Two in New York.
16 Q. Is the Peraza office in Tampa doing any
17 trading?
18 A. Not at this moment.
19 Q. So the base of the business right now is
20 basically --
21 A. Dormant.
22 Q. -- dormant, except for Boca Raton and the two
23 guys in New York?
24 A. Right.
25 Q. Let's talk a little bit about the

Page 21

1 organization, the entities surrounding Peraza. Is
2 Peraza still known as Peraza today?
3 A.s It's not.s
4 Q. What is it known as?
5 A. LPE Securities, LLC.s
6 Q. LP Securities?
7 A.s LPE.s
8 Q. LPE. What does LPE stand for?
9 A. Lewis Private Equity Securities.s
10 Q. At one point there was an entity called SM, as
11 in mother, E Securities or Holdings; is that right?
12 A.s SMP Capital Holdings.s
13 Q. Okay. What was that?
14 A.s The parent company to Peraza Capital.s
15 Q. Did they have any business other than ownings
16 Peraza?
17 A. They did not.s
18 Q. Do they still own Peraza?
19 A.s No.s
20 Q. What became of them?
21 A.s There was a transaction between Susie Peraza,s
22 the owner of SMP, and Sam Lewis to -- where Sam would
23 become the sole owner of LPE Securities, the new name.s
24 Q. Okay. Are you familiar with an entity called
25 Sam Lewis Private Equity Trust?

Page 22

1 A. Yes.s
2 Q. What is that?
3 A.s A trust that owns the interest in -- in the
4 broker/dealer LPE Securities.s
5 Q. So Sam Lewis Private Equity Trust is 100s
6 percent owner of LPE Securities, LLC?
7 A. Correct.s
8 Q. Okay. Do you know what kind of trust that is?
9 A. I'm not sure, no.
10 Q. Okay. I'm now going to go -- you've said --
11 you previously said that as part of the CMA, you had to
12 grow the infrastructure of Peraza?
13 A. Not that we had to. That's the idea of s
14 applying for a CMA, for growth. I mean --
15 Q. When the -- when FINRA approved you for the
16 CMA --
17 A. That was the effort.s
18 Q. -- that was the effort to take advantage of
19 that?
20 A.s Correct.s
21 Q. Okay. I'm going to ask you another one of
22 these 25,000-view questions about the internal
23 operation of Peraza from, say, 2010 --
24 A. Okay.s
25 Q. -- to 2015.s

Page 23

1 A. Okay.s
2 Q. Could you describe what the -- what the growths
3 of the number -- the growth and decline in the numbers
4 of employees was?
5 A. Okay.s
6 Q. And I'm talking about the Tampa operation.s
7 A. Yeah. Again, I'll try to remember as many
8 details as possible.s
9 Q. Thank you.s
10 A.s So 2010, the effort is, you know, to take
11 advantage of the -- of the new -- of the approved CMA;s
12 and under -- under the efforts, I guess, of -- of s
13 advice of regulatory counsel, we, Sam and Susie, decides
14 to hire all these other -- other individuals to be at
15 the home office and to focus on the -- on the growth to
16 see how many of these 50 reps in 10 branches we can get
17 at.s
18 Some of the -- a chief compliance officer was
19 hired.
20 Q. Who is that?
21 A.s Mike Lewis.s
22 Q. Is he any relationship to Sam Lewis?
23 A. Yes.
24 Q. What is that relationship?
25 A. His nephew, I believe.s

Page 24

1 Q. Okay. Do you recall when that was?
2 A. I want to say Mike Lewis got there 2010, firsts
3 or second quarter of 2010 or so.s
4 Q. Okay. Now, I interrupted you. I'm sorry.s
5 A. It's okay.s
6 Q. Were there more hires?
7 A. There were other hires through 2010, '11.s
8 Four additional support personnel and -- four or five.s
9 Do you need the names or --
10 Q. No, that's fine.s
11 A.s Okay. So, and again, their sole effort was to
12 sort of develop strategies as to how we would go out
13 and meet other reps, branches, and to see if other
14 relationships could evolve.s
15 Q.s What was Mike Lewis's background in 2010?
16 What had he been doing before that?
17 A.s I want to say Mike Lewis was in the military.s
18 That's what I think his background was.s
19 Q. In 2010, how old was he?
20 A.s I'm not sure.s
21 Q. But he was recently out of the military?
22 A.s I don't know if he was recently. I know that
23 that was his background.s
24 Q.s Was he career military? Did he put in 20, or
25 was he more like me, in and out?

Page 25

1 A. I'm not sure, sir.
2 Q. Okay.
3 A. I don't know.
4 Q. Had he worked in the securities business
5 before?
6 A. It is not my understanding that he had worked
7 in the securities business before, no.
8 Q. Okay. Now, I don't need to know names, but
9 what was the background of the four other staff people
10 who were developing strategies?
11 A. So the other staff people were also -- they
12 were all recent graduates, top of their classes, and
13 that's what they were hired to do.
14 Q. Recent college graduates?
15 A. Recent college graduates.
16 Q. So they hadn't worked in the securities
17 business?
18 A. They had not worked in the securities
19 business.
20 Q. Were any of them relatives of Mr. Lewis?
21 A. One of them was a niece; the other individuals
22 were not.
23 Q. Now, this is 2010, 2011?
24 A. 2000 -- yeah, they were all there 2010 through
25 2012, '13, '14, around that time. They left at

Page 26

1 different times.
2 Q. Okay. Did you add any more support personnel
3 other than Mr. Lewis and the four?
4 A. No, that was it.
5 Q. Okay. So it peaked with you --
6 A. Yes.
7 Q. -- and five others?
8 A. Yes.
9 Q. And it came back down?
10 A. Correct.
11 Q. When -- when -- you're still there?
12 A. Yes.
13 Q. Is there anybody else in the support area?
14 A. No.
15 Q. Okay. Now, were these people employees in the
16 sense of a W-2-type employee?
17 A. Everybody was an independent contractor.
18 Q. Okay. I think that's 10 --
19 A. So they were hired as a 1099.
20 Q. Has Peraza ever had employees as such?
21 A. Not W-2 employees, no.
22 Q. Now, Suzette Peraza was Sam Reilly's (sic)
23 wife?
24 A. At one point, yes.
25 Q. And she was, at some point, active in the

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1 business?
2 A. She was.
3 Q. Did she become inactive at some point?
4 A. She did.
5 Q. When was that?
6 A. 2014 sometime I want to say.
7 Q. Now, when you started at Peraza in 2008, Sam
8 was actively trading fixed-income securities?
9 A. Sam was.
10 Q. Yes. Is that right?
11 A. Yes.
12 Q. Was there anybody else doing that role,
13 registered rep trading, besides Sam?
14 A. Registered rep trading --
15 MR. SALLAH: I'm going to object to the form.
16 THE WITNESS: Yeah.
17 MR. SALLAH: That's fine.
18 BY MR. WORLAND:
19 Q. Okay. Let me try again. The source of the
20 income when you joined --
21 A. Yes.
22 Q. -- was trading fixed-income securities?
23 A. Correct.
24 Q. Sam was doing that?
25 A. Sam, Susie, and Andy.

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1 Q. They were all trading?
2 A. They were all trading.
3 Q. All right. Did there come a time when they
4 ceased trading out of Tampa?
5 A. Yes.
6 Q. When was that?
7 A. 2010, '11.
8 Q. Okay. And at that point, the sources of
9 revenue for Peraza --
10 A. Became the branches.
11 Q. Okay. Now, how many registered reps did
12 Peraza have in the Atlanta office, the Angel Oak
13 office?
14 A. I'd like to say in the neighborhood of --
15 because I don't remember the exact number -- but it was
16 always somewhere between six and 10 to 12, somewhere in
17 that neighborhood.
18 Q. What was the highest number of registered reps
19 that Peraza had nationwide during the 2010 to 2014
20 period?
21 A. The highest number that we had, I want to say
22 18 to 23.
23 Q. Okay. As a revenue source, the Atlanta office
24 was the first one to get going?
25 A. Correct.

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1 Q. What percentage, 2010 to 2014, what percentage
2 of the firm's revenue came from the Atlanta Angel Oak
3 office?
4 A. So for that period, I would say, through
5 the -- through, like, Q3 maybe of 20 -- Q2, Q3 of 2014,
6 I would say they were probably 90 percent, 85 to 90
7 percent.
8 Q. Okay. Was that pretty steady between 2010 and
9 2014?
10 A. Yeah. I would consider that, yeah.
11 Q. Okay. During this period, when you go from
12 when you first started, through, say, 2015, how did
13 your own responsibilities change?
14 A. My own responsibilities, I would say my own
15 responsibilities didn't really change. I was always
16 the fin up, the person in charge of calculating sort of
17 the payouts; but, as far as additional
18 responsibilities, I would say the -- not a drastic
19 change that I -- that I can recall.
20 I mean, when -- obviously when there's less
21 support personnel, you have to pick up some of the
22 other pieces that are -- that are left sort of hanging;
23 but in responsibilities, not a drastic change.
24 Q. Okay. Okay. I'd like to switch subjects a
25 little bit and get some idea of the money flow --

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1 A. Okay.
2 Q. -- that was generated in the period when you
3 operate as a CMA. Okay?
4 A. Okay.
5 Q. Who was the clearing firm that you used from
6 2010 to 2014?
7 A. 2010 we were with Penson.
8 Q. How do you spell that?
9 A. P-e-n-s-o-n. Probably 2011 I think the
10 relationship changed to Southwest Securities, and then
11 the last relationship that we had was with ICBC,
12 International and Commercial Bank of China.
13 Q. When did that relationship begin?
14 A. That relationship began 20 -- 2014, I want to
15 say. 2015, the first quarter of 2015, I think.
16 Q. Okay. So that would have been after the
17 Atlanta branch, the Angel Oak --
18 A. Correct.
19 Q. -- branch closed?
20 A. Correct.
21 Q. Peraza's relationship with --
22 A. The relationship, yeah.
23 Q. Okay. So for most of the period it was
24 Southwest?
25 A. Most of the period, yes.

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1 Q. I work for the SEC, but it doesn't mean I know
2 everything about the securities industry. When someone
3 in Atlanta does a trade --
4 A. Okay.
5 Q. -- do they report it to Peraza, or do they
6 report it to Southwest?
7 A. So both, I would say; because the way that
8 things were set up, although they had access to
9 inputting their own trades in the Southwest system, Sam
10 had also access to -- to either stop a trade or approve
11 a trade before it actually got processed in Southwest.
12 So he would see everything that -- like,
13 realtime, he would see if somebody at the time was
14 inputting a trade. He would see that in his systems.
15 Q. So he would see it; but, if he did nothing,
16 Southwest would take care of it?
17 A. Right, because they had -- yeah, it was like a
18 view, but they were inputting the transaction in
19 South -- in the systems of Southwest.
20 Q. So Southwest is basically exchanging the
21 securities and getting the money straight?
22 A. Correct.
23 Q. Now, what was the relationship between
24 Southwest and Peraza at that time in terms of getting
25 the money to Peraza and any expenses?

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1 A. Between Southwest and Peraza?
2 Q. Yeah. Did you have an agreement concerning
3 clearing fees, for example?
4 A. Correct. So the agreement was Southwest would
5 pay Peraza any commission dollars due, less clearing
6 fees.
7 Q. What was the clearing fee contract?
8 A. I don't have -- I don't recall the details of
9 that contract, but I'm sure it was a per transaction --
10 I think there was a very low minimum and then a
11 per-transaction amount.
12 Q. Okay. So there was a contract that required
13 Peraza to pay Southwest a minimum by month?
14 A. Yes.
15 Q. And if you went over that?
16 A. Then a per-transaction fee of some sort. I
17 would have to go back and refresh my memory with that
18 Schedule A, but I think that's -- that's how it was
19 generally set up.
20 Q. Okay. The -- so what Peraza got from
21 Southwest was an amount of commissions net of clearing
22 fees?
23 A. Correct.
24 Q. You're focusing on Angel Oak, how did that net
25 commissions from Southwest, how was that allocated

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1 between Peraza in Tampa and Angel Oak, the Peraza
2 representatives in the Atlanta office?
3 A.a Okay. So once we got commission dollars from
4 Southwest, we would then prepare -- or I would prepare
5 commission calculations to see moneys that were due to
6 David Wells and his branch in -- at Angel Oak.a
7 So every month I would prepare a commission
8 spreadsheet showing him this is -- this was the gross
9 for the month. This, less the 10 to 15 percent haircut
10 that Peraza would keep of that, less any clearing fees
11 or any chargeback items, and then that net would be
12 paid to David Wells.
13 Q.a Okay. So the gross commission number is
14 larger than the actual dollars you got from Southwest?
15 A. Correct.a
16 Q.a Okay. So you take the gross commissions that
17 Southwest recorded before they deduct their fees?
18 A. Correct.a
19 Q.a Okay. And now turning to Angel Oak, you've
20 got the gross commission number, and then you take out
21 the Peraza percentage?
22 A. Correct.a
23 Q.a And then you take out expenses due to clearing
24 and other things?
25 A.a Correct.a

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1 Q. How did you calculate what the clearing
2 expenses were?
3 A. So we had -- between Angel Oak and Peraza?
4 Q. Yes.a
5 A. Between the branch and Peraza? We had agreed
6 on a set per-transaction amount.a
7 Q.a Okay. So it was just the number of
8 transactions --
9 A. The number of transactions times whatever that
10 number was.a
11 Q. Okay. What other expenses did you deduct?
12 A. For example, registration fees were an item
13 that would get deducted, branch exams, things like
14 that. Anything that we would incur the expense for the
15 branch that was a branch expense, then we would charge
16 them back for.a
17 Q.a All right. Let me change the subject a little
18 bit again and talk about accounting that's done at
19 Peraza. You now have a QuickBooks system?
20 A.a We do.a
21 Q.a How long have you had that?
22 A. Since before I got there. It was -- that's
23 what they were using.a
24 Q.a Okay. I knew nothing about QuickBooks until
25 very few years ago. Now it seems to be everywhere.a

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1 A. Yeah.a
2 Q.a So you must have been on the cutting edge.a
3 Okay. Who inputs information into QuickBooks?
4 A. I do.a
5 Q.a Now, has that always been true?
6 A. Yes. Well, since I got there.a
7 Q.a Okay. So --
8 A. They had a -- it was an outside company that
9 would keep QuickBooks for the firm before, before I got
10 there.a
11 Q.a Had you used QuickBooks before?
12 A.a Yeah.a
13 Q.a Was that one of the reasons they hired you?
14 A. No. I mean, it's a pretty simple accounting
15 system. It's not very robust, but --
16 Q.a So -- excuse me. Now, Peraza provides
17 financial statements to the SEC; is that correct?
18 A. Correct.a
19 Q. And do you use QuickBooks as a basis for
20 creating those financial statements?
21 A.a Yes.a
22 Q. You also do tax returns?
23 A. I don't do the tax return.a
24 Q.a But somebody does?
25 A.a Someone does.a

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1 Q.a And is QuickBooks the basis for that?
2 A. Yes.a
3 Q.a Okay. Who were the -- I noticed from one of
4 your statements that your auditor is from Tarzana,
5 California?
6 A. Uh-huh. (Indicates affirmatively).a
7 Q.a Who is that?
8 A. Brian Hansen.a
9 Q.a Have you ever met Mr. Hansen?
10 A. Yes.a
11 Q.a Does he come to Tampa when he works on that
12 audit?
13 A. Yes. Once a year he comes to Tampa.a
14 Q.a How did you pick somebody from Tarzana,
15 California, to audit the books of a broker/dealer in
16 Tampa?
17 A. So the relationship -- that relationship
18 started way before I got there, and it was because the
19 company that used to keep the books and records for Sama
20 was also out of California, and that's how that
21 introduction happened. So Brian has been the auditor
22 for the broker/dealer for years.a
23 Q.a Okay. Who does the tax returns?
24 A. A firm out of Tennessee.a
25 Q. Do you recall their names?

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1 A. Peter Dennon is the person that works on
2 the -- on that tax return.
3 Q. Does he come to Tampa to do that?
4 A. Peter does not.
5 Q. So you do that electronically?
6 A. That is all done via -- he has access to
7 QuickBooks, and he grabs what he needs there.
8 Q. Okay. So you have provided some information
9 to the SEC through Mr. Sallah; is that correct?
10 A. Correct.
11 Q. Did you get that from QuickBooks?
12 A. Yes. I used QuickBooks to prepare that.
13 Q. Okay. So if you go into QuickBooks, you can
14 pull down information specifically to the Atlanta
15 branch office?
16 A. Well, not quite because QuickBooks is not that
17 sophisticated to the call center accounting. So it
18 would be sort of a combination of work papers and
19 QuickBooks in some cases.
20 Q. Okay.
21 A. Obviously if it's for a period that only the
22 Atlanta branch office was there, then it was -- you
23 know, then it's fairly easy because it was just them
24 producing; but, if it was for a period where there were
25 other branches, then it would take a little bit more

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1 sort of effort to dissect it and figure out what came
2 from where.
3 Q. When you entered information into QuickBooks
4 when the Atlanta office was up and running, did you
5 segregate the commission income from Atlanta?
6 A. There would be notes in the general ledger in
7 the entries saying -- naming the branch that the income
8 came from, but not necessarily segregated in an
9 account.
10 Q. Okay. Who did you deal with at Angel Oak,
11 that branch in Atlanta?
12 A. Mostly David Wells, the branch manager.
13 Q. When did you first meet David Wells?
14 A. I met him, I want to say the summer of 2009.
15 Q. So this was when it was -- was this on that
16 trip where Sam went up --
17 A. Yes, we went to meet. Sam actually didn't go
18 on that trip, but --
19 Q. Who went on that trip?
20 A. Kevin Carreno, myself, Mike Lewis. I want to
21 say that was it.
22 Q. Okay. Who is Kevin Carreno?
23 A. Kevin Carreno was regulatory and counsel for
24 us.
25 Q. Had anyone known David Wells before that trip

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1 of those three people, Sam, Suzette or anybody?
2 A. I don't know. Maybe Andy Lewis. I think
3 that's where the introduction came from, but I don't --
4 I don't know that anybody else on that trip knew
5 David Wells or anybody else there prior to our meeting.
6 Q. Okay. Now, earlier you mentioned that you
7 would exchange E-mails with Angel Oak to get an
8 agreement on the production and the various aspects
9 that went into calculating their cut.
10 A. Correct.
11 Q. Do you recall that?
12 A. Yes.
13 Q. Was that a regular practice?
14 A. Yes.
15 Q. How often did it happen? Was it every month?
16 A. Every month.
17 Q. Okay. Were there ever disagreements about
18 expenses?
19 A. Very few times. I mean -- and I wouldn't say
20 "disagreements." I would say more clarity that was
21 needed on some items, but never true disagreements on
22 charges or anything like that, no.
23 Q. Okay. When -- what was the relationship --
24 I'll step back for a second. If I understand
25 correctly, you would basically transfer money, after

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1 the calculation was agreed upon, to Mr. Wells, correct?
2 Is that right?
3 A. I would request a transfer, yes, be sent to
4 him --
5 Q. Okay.
6 A. -- based on the approved amounts.
7 Q. And then he would divide that among the
8 registered reps and the Angel Oak landlord?
9 A. I -- I suppose he had agreements with his reps
10 at his branch, and he would divvy up the money
11 according to those agreements, yeah.
12 Q. Would he also cover the expenses of operating
13 that branch?
14 A. I'm sure he did, yeah. I mean, he wasn't
15 there for free, so I'm sure he was covering them.
16 Q. Okay. Okay. Can we take a short break?
17 MR. SALLAH: Sure.
18 (At 10:16 A.M., a recess was taken until
19 10:42 A.M. of the same day.)
20 (Nothing omitted nor deleted.)
21 (Exhibit No. 1 was marked for identification.)
22 BY MR. WORLAND:
23 Q. Back on. Ms. Perez, I've marked as Exhibit 1
24 a series of papers that relate to Peraza Capital &
25 Investment, LLC. The top page relates to the Atlanta

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1 OSJ Branch Support Allocation. Do you recognize this
2 document?
3 A. Yes.
4 Q. Can you tell me what it is?
5 A. It's a document that I prepared to submit with
6 our waiver application request.
7 Q. Okay. What did you use to create this?
8 A. Information from QuickBooks.
9 Q. Okay. Now, it says Atlanta OSJ. What does
10 OSJ mean?
11 A. Office of Supervisory Jurisdiction.
12 Q. Is -- what does that mean in terms of
13 business?
14 A. That means a -- an office registered in CRD as
15 an Office of Supervisory Jurisdiction, which means they
16 have their own branch manager, they have their own 24
17 basically on site.
18 Q. Okay. So it's a group of registered reps that
19 are supervised by a particular person?
20 A. Correct.
21 Q. And they have their own independent, what is
22 it, CRD identification?
23 A. They do. The branch -- whether -- whether
24 they're OSJ or no, CRD assigns a branch number to all
25 branches registered under the main office under the

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1 broker/dealer.
2 Q. And for clarity purposes, what does CRD stand
3 for?
4 A. Central Depository Record. Central Record
5 Depository or something like that.
6 Q. Central Record Depository. Okay. Is that
7 maintained by FINRA?
8 A. Correct.
9 Q. Now, we'll come back to the first page in a
10 bit, but can you tell me what the page numbers there --
11 there aren't page numbers here, but there's Peraza
12 Capital and Investment, LLC, Profit and Loss by some
13 periods here.
14 A. Correct.
15 Q. And the first period is October to December
16 2009?
17 A. Yes.
18 Q. And the last period is January to December
19 2014?
20 A. Okay.
21 Q. Is that right?
22 A. Yes.
23 Q. And is -- is this profit and loss statement
24 for Peraza as a whole?
25 A. Yes. It looks like it.

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1 Q. Okay. And you drew this from QuickBooks?
2 A. Yeah. Yes.
3 Q. Now, if we turn back to the first page --
4 first of all, looking at the second page on, it says
5 Total at the top, and then it says Branch Allocate --
6 Branch Allocation. Do you see at the very top?
7 A. Yeah.
8 Q. It says Total and then it says Branch
9 Allocation?
10 A. Yeah.
11 Q. What is Branch Allocation?
12 A. So I guess from the total expenses, it looks
13 like that first number to the right of the Total would
14 be a sum of -- up to that cell and then a percentage of
15 that number allocated to the branch.
16 Q. Okay. Is this a document that was created in
17 Excel?
18 A. The additions to the right of the report, yes,
19 that's all Excel.
20 Q. Okay. So the main report, the total --
21 A. The main report is the QuickBooks report.
22 Q. Okay.
23 A. And then you can download those reports,
24 upload them to Excel, and then you can create your own
25 notes and stuff once you're in Excel already.

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1 Q. Okay.
2 A. But the information to the Total column,
3 that's all from QuickBooks.
4 Q. Okay. If we go down -- let's look at October
5 to December 2009 --
6 A. Uh-huh. (Indicates affirmatively).
7 Q. -- the second page. If we come down to Branch
8 Allocation, there are two numbers there, 168,103.64 and
9 then 16,810.36.
10 A. Uh-huh. (Indicates affirmatively). Yes.
11 Q. Now, the 168,103.64, I believe you said was a
12 sum of expenses up to that cell?
13 A. It looks -- yes. So it looks like it's a sum
14 from accounts 5150 through Account 5550.
15 Q. Okay. And then the 16801.36?
16 A. Is 10 percent of that 168.
17 Q. Okay. How did you come up with 10 percent?
18 A. Because looking at those expenses and looking
19 at the very beginning of the relationship with Atlanta,
20 the only thing we would have spent there would have
21 been sort of research on the branch, travel, paperwork,
22 and due diligence-type, getting ready to set up that
23 relationship with the branch. Am I able, if I have to,
24 do I write on this or no?
25 Q. I'd rather have you write on that one. I

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1 passed the witness a copy of Exhibit 1.
2 A. In case I have to; I tried not to.
3 Q. No, if you have to, go ahead and do what you
4 have to, and we'll mark that as Exhibit 2.
5 A. Okay.
6 Q. All right. So in -- from the second page on,
7 you personally are doing allocations? And by "you
8 personally," I mean you are the one coming up with the
9 numbers?
10 A. Correct.
11 Q. Okay. Let's flip back to the first page. If
12 we look at Gross Annual Revenues across the top, that
13 line --
14 A. Yes.
15 Q. -- it begins with -- there's a number in 2010,
16 and it goes through 2014?
17 A. Yes.
18 Q. Can you tell me what that is?
19 A. So those would have been revenues associated
20 with the Atlanta OSJ for those periods.
21 Q. Okay. Earlier when we talked about Southwest
22 and how you did the allocation, you would get a number
23 from Southwest that was gross revenues minus their
24 clearing fees?
25 A. Correct.

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1 Q. But when you calculated the Angel Oak office
2 share, you would go back to gross revenues?
3 A. Correct.
4 Q. And then make deductions?
5 A. Correct.
6 Q. Okay. So this number up here is that Gross
7 Annual Revenue that doesn't have any deductions for the
8 clearing firm?
9 A. From Southwest, yes.
10 Q. Okay. And then we have an item defined as
11 Commissions to the Atlanta branch?
12 A. Correct.
13 Q. What is that?
14 A. So those would have been the net -- the
15 commission dollars paid to the -- to the branch.
16 Q. And this would have been calculated, as we
17 described before, gross revenues --
18 A. Yes.
19 Q. -- minus Peraza's share, minus clearing fees,
20 minus any other expenses?
21 A. Right.
22 Q. Okay. And what is the number Revenues less
23 Commissions Paid?
24 A. So that would be gross annual revenues less
25 commissions to Atlanta branch, and that's a total

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1 there.
2 Q. Is that Peraza's share of the commissions?
3 A. Yes. The gross share, yeah.
4 Q. So if I -- and the number on the far
5 right-hand that says totals, 1,521,705.87, that is the
6 total revenues that Peraza got over 2010, '11, '12,
7 '13, and '14 from the trading done by the Atlanta
8 branch?
9 A. Correct.
10 Q. Now, there's a -- a -- a line that says
11 Finders Fees to Bill Baer. I have a brother-in-law
12 named Bill Baer, and he says he didn't get this money.
13 Who -- what is that?
14 A. That was the -- the individual that put
15 together the relationship, the introduction, I guess --
16 Q. Okay.
17 A. -- the finder.
18 Q. What relationship did he have to anybody named
19 Lewis?
20 A. I'd like to say he was an acquaintance, or he
21 was known by Andy Lewis.
22 Q. Okay. And then we have a column -- I take it
23 that is a specific amount that was paid to him?
24 A. Yes.
25 Q. It's not something you calculated?

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1 A. No.
2 Q. Okay. Then we come down to Legal,
3 Professional & Consulting Fees. Do you see that?
4 A. Yes.
5 Q. And it goes across. Is that something that
6 you calculated?
7 A. Based on actual bills.
8 Q. Yes, but the allocation --
9 A. Yes.
10 Q. -- that was your calculation?
11 A. Yes.
12 Q. So you had a total number of -- you went into
13 QuickBooks, and you totaled up Legal, Professional &
14 Consulting Fees, and you could get a specific number --
15 A. Yes.
16 Q. -- for each of these years?
17 A. Yes.
18 Q. But the allocation of these numbers to the
19 Atlanta OSJ, that's your calculation?
20 A. Yes.
21 Q. And then it says Accounting, and it has your
22 name, support, and it goes across, right?
23 A. Yes.
24 Q. Now, that again is if you go into QuickBooks,
25 there's an accounting line item?

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1 A.a Yes.a
2 Q.a And that's a number that was actually paid?a
3 A.a Yes.a
4 Q.a But this is an allocation that you did?a
5 A.a Yes.a
6 Q.a Okay. In 2014, you allocate \$114,573?a
7 A.a Yes.a
8 Q. If you don't mind, how much do you get paid,a
9 or how much were you paid in 2014?a
10 A.a About 160, I --
11 Q.a Okay. That's fine. So this is -- this is thea
12 percentage of your salary that you allocated to thea
13 Atlanta branch?a
14 A.a Correct, because at that point I was in thea
15 office by myself, and all the -- basically all the
16 support and production -- and documents, production and
17 everything, I was doing it all.a
18 Q.a Okay. And then it says Professional Fees. Do
19 you see that?a
20 A. Yes.a
21 Q.a Now, Michael Lewis is Sam Lewis's nephew, whoa
22 is the chief compliance --
23 A.a Who was the chief compliance officer, yes.a
24 Q.a Okay. And then we have four more names. Area
25 those the four individuals who were hired right out ofa

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1 school?
2 A. Three of them.a
3 Q.a Which three are the ones who were hired?a
4 A. The bottom names, Lauren Lee, Marissa Cessna,a
5 and Ashley Russell.a
6 Q.a And who is Michael Barbosa?a
7 A.a Michael Barbosa was support at the office anda
8 sort of the back office before I even got there. Hea
9 was working with the firm.a
10 Q.a Okay. When did he leave?a
11 A. 2012, I think.a
12 Q.a So this would basically be -- this -- thisa
13 affect your memory as to whether or not there were foura
14 college graduates who were hired?a
15 A.a He wasn't a college graduate.a
16 Q.a Okay.a
17 A.a Michael Barbosa wasn't a college graduate.a
18 There was one additional individual that was hired.a
19 Q.a Who was that?a
20 A. But he wasn't a support person for the branch.a
21 Oh, God. It will come back to me. I can't rememberea
22 the name right now.a
23 Q.a Okay. But the -- these are people who werea
24 hired -- Michael Barbosa was there before you?a
25 A. Yes, he was.a

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1 Q.a Michael Lewis, Lauren Lee, Marissa Cessna,a
2 Cessna?a
3 A.a Correct.a
4 Q.a Huh?a
5 A.a Yes.a
6 Q.a And Ashley Russell?a
7 A.a Yes.a
8 Q.a And one other person were hired as part ofa
9 this buildup in anticipation of having 10 branchesa
10 and --
11 A.a Yes.a
12 Q.a -- 50-plus reps?a
13 And so basically Professional Fees consist ofa
14 their salaries?
15 A. Correct.a
16 Q.a And that's a number you got from QuickBooks?a
17 A.a Correct.a
18 Q.a And then you allocated that?a
19 A.a Yes.a
20 Q.a Okay.a
21 A.a Because a lot of their time at different timesa
22 was spent with the Atlanta branch, like --
23 Q.a And then we have Occupancy and Equipmenta
24 Allocation at 10 percent?a
25 A. Yeah.a

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1 Q.a What does that mean?a
2 A.a So the rest of the expenses, Bloomberg's, thea
3 firm-related regulatory fees, some continuing ed.,a
4 subscriptions, quotations, items like that.a
5 Q.a Does it include rent?a
6 A. No.a
7 Q.a Okay. During -- from -- from when you joineda
8 Peraza in 2008 until today, have they ever changeda
9 offices?a
10 A.a We have not.a
11 Q.a So you've had the same size office throughout?a
12 A.a The same size office, yes.a
13 Q.a Okay.a
14 A. We've recently moved out of the space lasta
15 month.a
16 Q.a Okay. Did you downsize?a
17 A.a We did.
18 Q.a Did anyone help you in coming up with theesa
19 allocations?a
20 A. No. I came up with the allocations. Ia
21 consulted obviously with Sam as to reasonableness anda
22 sort of refreshing my recollections of times before,a
23 support at the branch and different -- but in general,a
24 I feel like I had a good understanding of thea
25 involvement of everyone as they related to the branch.a

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1 Q.a Am I correct that none of these allocated
2 expenses are -- are trading costs?
3 A. Can you elaborate on that a little bit more?
4 What do you mean by --
5 Q. Well, I would think a trading cost would be a
6 like a clearance fee, a clearing fee.
7 A. Right. They're not clearing fees.
8 Q. All right. Are they in any way connected to a
9 the actual transactions on a transaction-by-transaction
10 basis?
11 A. Maybe not in a transaction-by-transaction --
12 they're not directly associated to a -- to a trade. To a
13 support of that trade happening, yes.
14 Q.a This is basically your allocation of what we
15 might call overhead --
16 A. Correct.
17 Q. -- expenses?
18 A. Correct.
19 Q. Now, you weren't responsible for any rent in a
20 Atlanta; is that correct?
21 A. We were not.
22 Q. Were you responsible for their Bloomberg
23 terminals?
24 A. We were not.
25 Q. Are there any expenses in Atlanta -- well, you

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1 did pay some expenses, and then you got refunded. They
2 were deducted from the -- sorry.
3 MR. SALLAH: That's all right.
4 BY MR. WORLAND:
5 Q. When you did the calculation of how much to
6 send to Atlanta, you did deduct some expenses?
7 A. Some expenses that were directly related to
8 the registration of those individuals at the branch we
9 would have to front-load, and then we would get
10 reimbursed through the chargeback process --
11 Q.a Okay.
12 A. -- by the branch.
13 Q. And you also had trade-specific deductions for
14 clearing fees?
15 A. Yes.
16 Q. Any other trade-specific deductions?
17 A. I would say at times maybe factor adjustments,
18 maybe interest of some sort, carry interest of some
19 sort, items like that that would be more transactional.
20 Q. What do you mean by "factor adjustment"?
21 A. So sometimes at month end, depending on when
22 trades settled, there is adjustments that happen at the
23 beginning of the next month and then that clearinghouse
24 would go and adjust for, and we would only see that the
25 following period.

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1 So those -- if there were any adjustments to
2 that -- to factors, you will see it in the following
3 period, and we would adjust for in the commissions
4 calculation.
5 Q. Okay. So this would be trades that occurred
6 near the end of the month?
7 A. Yes.
8 Q.a And sometimes the expenses would go over to
9 the next month?
10 A. Yes.
11 Q. Okay. You adjusted for that?
12 A. Yes.
13 Q. Okay. Do you have a written employment
14 agreement?
15 A. I do not.
16 Q. Have you ever had one with Peraza?
17 A. I have not.
18 Q. Have you received periodic raises while you've
19 been at Peraza?
20 A. I have.
21 Q. What did you start at?
22 A. So the initial relationship, I was contracted
23 through Kevin Carreno's firm. So Kevin would pay my
24 salary, and Peraza would pay Kevin. Then at some point
25 Kevin Carreno and Peraza's firm, they, I guess,

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1 renegotiated the transaction. I became a full-time
2 person with -- with Peraza, and Kevin became more of
3 a -- of counsel of regulatory need.
4 I want to say that I first started at 10 or
5 \$11,000 a month. Then later on, 2013 I think it was
6 sometime, my base was bumped up to almost \$15,000,
7 14,995; and with that, at times, Sam or Susie would
8 make the decision to -- to give me an extra payout in
9 the month if -- if -- if they deemed possible once all
10 the calculations and everything was covered.
11 Q. So you got periodic bonuses?
12 A. Uh-huh. (Indicates affirmatively).
13 Q. And when did that start?
14 A. 2014, I would say.
15 Q. Okay. So since 2014 you have received 160
16 plus bonuses?
17 A. Yes.
18 Q. Do you receive health benefits?
19 A. I do.
20 Q. Do you know how those are paid for?
21 A. What do you mean?
22 Q. Who -- how that policy works?
23 A. It's a group policy, and I'm part of the group
24 policy, and we get a monthly invoice, and I am part of
25 that invoice. My coverage is there.

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1 Q. Do you contribute to that, or does the firme
2 pay it all?e
3 A. The firm pays it all.e
4 Q. Do you know who else is covered by that groupe
5 policy?e
6 A. Sam Lewis. Right now it's just Sam and I one
7 the policy, yeah. Susie was part of the policy. Somee
8 of the other individuals listed here, at differente
9 times were part of the policy as well.e
10 Q. As – you moved into the smaller space when?e
11 A. Our lease was sort of ending this year, oure
12 commitment. So because there -- there -- there's noe
13 revenues coming into the firm right now, we havee
14 decided to -- or Sam decided to register his homee
15 office as the main office and --
16 Q. His home office in his home?e
17 A.e In his home.e
18 Q. So right now --
19 A.e The --
20 Q. -- LPE Securities, LLC, the registratione
21 office is in Sam's home?e
22 A. Yes.e
23 Q. But there's a separate office?e
24 A. There's not a separate office.e
25 Q. Okay. So where do you work?e

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1 A. Out ofmy house right now.e
2 Q. Okay. But your salary continues?e
3 A. No. Not at this moment. There is no salarye
4 at this moment.e
5 Q. Okay. Do you know what the plans are goinge
6 forward?e
7 A. The plan is to hopefully move on with these
8 process and -- and see if somehow the firm can start toe
9 get people registered again.e
10 Q. Do you know what sort of work Sam is doing?e
11 Is there any trading going on?e
12 A. There's no trading going on.e
13 Q. When did you stop drawing a salary?e
14 A. April, the beginning of April was the laste
15 time Sam gave me a partial.e
16 Q. Of this year?e
17 A. Of this year.e
18 Q. A month ago?e
19 A. Yes.e
20 Q. I'd like to go off the record and consult withe
21 my colleague.e
22 A.e Sure.e
23 Q. I think we're close to the end here.e
24 MS. ADAMS: Okay.e
25 (At 11:07 A.M., a recess was taken until

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1 11:10 A.M. of the same day.)
2 (Nothing omitted nor deleted.)
3 BY MR. WORLAND:
4 Q. Back on. A couple of quick follow-upe
5 questions.e
6 A. Yes.e
7 Q.e Not follow-up, just clarification. Where doe
8 you live?e
9 A. I live in Orlando.e
10 Q.e Okay. I'm not from Florida. So this is one
11 the -- Tampa is on the west side?e
12 A. Tampa is on the west side. Orlando is, le
13 guess, the very center of Florida. So I'm about ane
14 hour and 50 minutes from here.e
15 Q. How long have you lived there?
16 A. Since I moved to Florida.e
17 Q. Okay. So you --
18 A. 2005.e
19 Q. So during your time at Peraza, did you commutee
20 into the Tampa office?e
21 A. I did.e
22 Q. How long was that?e
23 A. About an hour and a half.e
24 Q. And you did that every day for how many years?e
25 A. I didn't do it every day. I did it two toe

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1 three times a week.
2 Q. Okay. Starting when?e
3 A. Starting in --
4 Q. In 2008?e
5 A. -- 2009 until last month.e
6 Q. Okay. Now, if you could take a look ate
7 Exhibit 1 again.e
8 A. Yes.e
9 Q.e Where does -- the Professional Fee section, wee
10 have Michael Lewis, where does Mr. Lewis live?e
11 A. I don't know where he lives now.
12 Q. Did he live in Tampa when he worked in Tampa?e
13 A.e Yes.e
14 Q. How about Michael Barbosa --
15 A. All those --
16 Q. -- did he live in Tampa when he worked here?e
17 A. Yes. All those individuals lived in Tampa.e
18 Q. Okay. Where does Andy Lewis live?e
19 A. In Tampa.e
20 Q. Okay. So was there anyone other than you whoe
21 didn't live in Tampa?e
22 A.e No.e
23 Q.e Okay.e
24 MR. SALLAH: And just by "Tampa," you mean
25 Clearwater, St. Pete? I mean, it's all --

1 THE WITNESS: The Tampa area.
 2 MR. SALLAH: It's all -- I mean, you know, Sam
 3 lives in St. Pete.
 4 THE WITNESS: Yeah.
 5 MR. SALLAH: I mean, it's all, you know, the
 6 Tampa Bay area. What do you mean, "in this area"?
 7 MR. WORLAND: Right.
 8 MR. SALLAH: I just want to make sure.
 9 THE WITNESS: It's The Tampa Bay Area.
 10 MR. SALLAH: There's Clearwater, St. Pete.
 11 MS. ADAMS: And they came to work at the
 12 office?
 13 MR. WORLAND: Yes.
 14 MS. ADAMS: These people came to work at the
 15 office?
 16 THE WITNESS: Yes. Yes.
 17 MR. SALLAH: He's got to -- she's not doing
 18 the depo; he's got to ask.
 19 BY MR. WORLAND:
 20 Q. How big was the office up until April?
 21 A. What, 1500? Yeah, that office was probably
 22 about 1500 square feet.
 23 Q. Okay. How many offices were there,
 24 individuals offices?
 25 A. Two offices, and then there was one large main

1 STATE OF FLORIDA)
 2)
 3 COUNTY OF PINELLAS)
 4 I hereby certify that the witness in the
 5 foregoing deposition, Xiomara Perez, was by me duly
 6 sworn to testify to the truth, the whole truth, and
 7 nothing but the truth, in the within-entitled cause;
 8 that said deposition was taken at the time and place
 9 herein named; and that the deposition is a true record
 10 of the witness's testimony as reported by me, a duly
 11 certified shorthand reporter and a disinterested
 12 person, and was thereafter transcribed into typewriting
 13 by computer.
 14 I further certify that I am not interested in
 15 the outcome of the said action, nor connected with nor
 16 related to any of the parties in said action, nor to
 17 their respective counsel.
 18 IN WITNESS WHEREOF, I have hereunto set my
 19 hand this 30th day of May, 2017.
 20 Reading and Signing was:
 21 X requested waived not requested
 22
 23
 24
 25 LISA A. SIMONS-CLARK, RMR, CRR

1 area set up as a trading desk style.
 2 Q. Okay. Did you have one of the two offices?
 3 A. I had one of the two offices.
 4 Q. And Sam had the other?
 5 A. Yes.
 6 Q. And where did the other people work?
 7 A. There were sort of cubicles set up in the
 8 outside area.
 9 MR. WORLAND: Are we good?
 10 MS. ADAMS: I think so.
 11 MR. WORLAND: If you want to talk, we can
 12 talk. I'm good.
 13 MS. ADAMS: Okay. Yeah, I'm fine.
 14 BY MR. WORLAND:
 15 Q. Ms. Perez, thank you very much.
 16 A. Thank you.
 17 Q. I have no further questions at this time.
 18 MR. WORLAND: Jim, do you have any questions?
 19 MR. SALLAH: No. No questions.
 20 MR. WORLAND: All right. Thank you.
 21 (At 11:13 A.M., the deposition
 22 proceedings were recessed.)
 23
 24
 25 -----
 XIOMARA PEREZ

EXHIBIT 3

Atlanta OSJ
Branch Support Allocation

	2009	2010	2011	2012	2013	2014	TOTALS
Gross Annual Revenues	-	821,145.49	1,960,383.35	2,608,176.30	3,011,672.14	3,104,657.00	11,506,034.28
Commissions to ATL branch	-	753,323.37	1,686,987.58	2,249,660.88	2,677,782.68	2,616,573.90	9,984,328.41
Revenues less Commissions Paid	-	67,822.12	273,395.77	358,515.42	333,889.46	488,083.10	1,521,705.87
% paid to branch	-	0.92	0.86	0.86	0.89	0.84	
Finders Fees to Bill Baer	-	90,000.00	54,405.00	-	-	-	
Legal, Professional & Consulting Fees (Kevin carreno, Sander Resstler, Jim Sallah, RRS)	17,426.04	72,233.00	86,030.00	16,228.00	24,023.69	46,433.00	
Accounting (ximara perez's support)	1,387.50	21,855.00	55,475.00	60,380.00	68,900.00	114,573.00	
Professional Fees (michael lewis, Michael Barbosa, Lauren Lee, Martasa Cesena, Ashley Russell)	35,175.74	94,225.00	123,054.07	242,692.00	115,500.00	30,000.00	
Occupancy and Equipment Allocation at 10%	16,810.00	24,521.41	33,708.80	35,915.02	21,982.34	18,629.83	
	70,799.28	302,834.41	352,672.87	355,215.02	230,406.03	209,635.83	1,521,563.44
Net Annual Profits	(70,799.28)	(235,012.29)	(79,277.10)	3,300.40	103,483.43	278,447.27	142.43

EXHIBIT 1 PLTF.
WITNESS A. Perez DEFT.
CONSISTING OF 1 PAGES
DATE 5-17-17
BEHMKR REPORTING AND VIDEO SERVICES, INC.

Peraza Capital and Investment, LLC
Profit and Loss
October - December, 2009

	Total	Branch Allocation	
Income			
3140- Commission Income	3,470,536.25		
3211- Unrealized Gain(Loss)	-363.08		
3230- Postage	365.00		
3270- Interest	297,326.42		
3290- Other Income	83,009.64		
Total Income	\$ 3,860,874.13		
Expenses			
5150- Bank Charges	51.00		
5250- Dues & Subscriptions	500.00		
5290- Interest Paid	85,594.35		
5340- Outside Services	1,840.00		
5355- FINRA/NASD Regulations	9,260.00		
5360- Office Expenses	14,505.75		
5370- Parking	1,926.00		
5410- Quotation Fees	36,465.26		
5420- Registration Expenses	2,209.00		
5475- Telephone	2,689.28		
5550- Travel	13,063.00	168,103.64	16,810.36
Bonus Expense	16,642.03		
Commissions & Fees			
5180- Clearing Charges	62,751.45		
5200- Commissions	2,830,960.15		
Total Commissions & Fees	\$ 2,893,711.60		
Insurance			
5280- SIPC	2,737.01		
5285- Medical	17,301.62		
Total Insurance	\$ 20,038.63		
Legal & Professional Fees			
5110- Accounting	2,775.00	1,387.50	
5115 Professional Fees (Others)	34,852.08	17,426.04	
5220- Consulting Fees	70,351.48	35,175.74	
Total Legal & Professional Fees	\$ 107,978.56		
Taxes & Licenses			
	636.66		
Total Expenses	\$ 3,207,111.12		
Net Operating Income	\$ 643,763.01		
Other Expenses			
Miscellaneous	411,443.32		
Total Other Expenses	\$ 411,443.32		
Net Other Income	-\$ 411,443.32		
Net Income	\$ 232,319.69	53,989.28	

Peraza Capital and Investment, LLC
Profit and Loss
January - December 2010

	Total	Branch Allocation	
Income			
3140- Commission Income	8,414,659.40		
3211- Unrealized Gain(Loss)	326.48		
3230- Postage	360.61		
3270- Interest	24,419.01		
3290- Other Income	68.17		
Total Income	\$ 8,439,823.65		
Expenses			
6160- Bank Charges	377.00		
6240- Depreciation	2,889.00		
6245 Continuing Education	6,300.00		
6250- Dues & Subscriptions	500.00		
6290- Interest Paid	39,783.62		
6340- Outside Services	30,698.25		
6365- FINRA/NASD Regulations	14,887.00		
6380- Office Expenses	-19,617.87		
6370- Parking	4,870.13		
6410- Quotation Fees	127,782.59		
6420- Registration Expenses	21,910.71		
6475- Telephone	11,205.23		
6550- Travel	3,630.48	245,214.12	24,521.41
Bonus Expense	-11,642.03		
Branch Expansion Expense	886,857.90		
Commissions & Fees			
5180- Clearing Charges	-58,087.96		
5200- Commissions	6,601,188.03		
Total Commissions & Fees	\$ 6,443,100.07		
Education & Training	981.98		
Insurance	383.00		
5270- Fidelity Bond	2,484.00		
5280- SIPC	18,072.02		
6285- Medical	83,470.89		
Total Insurance	\$ 104,389.91		
Legal & Professional Fees	72,674.55	36,337.28	
6110- Accounting	72,850.00	21,855.00	
5115 Professional Fees (Others)	314,081.75	94,224.53	
5220- Consulting Fees	119,692.58	35,895.77	
Total Legal & Professional Fees	\$ 579,258.88		
Supplies	318.79		
Total Expenses	\$ 8,258,459.62		
Net Operating Income	\$ 181,364.03		
Other Income			
Other Miscellaneous Income	13,700.00		
Total Other Income	\$ 13,700.00		
Other Expenses			
Miscellaneous	106,411.84		
Total Other Expenses	\$ 106,411.84		
Net Other Income	-\$ 92,711.84		
Net Income	\$ 88,652.19	188,312.57	

Peraza Capital and Investment, LLC
Profit and Loss
January - December 2011

	Total	Branch Allocation	
Income			
3140- Commission Income	2,424,375.34		
3211- Unrealized Gain(Loss)	-2,571.10		
3230- Postage	703.16		
3270- Interest	6,140.04		
3290- Other Income	7,488.08		
Total Income	\$ 2,436,133.52		
Expenses			
5160- Bank Charges	325.00		
5230 Equipment Purchases	20,636.90		
5250- Dues & Subscriptions	500.00		
5290- Interest Paid	2,481.52		
5340- Outside Services	15,353.63		
5355- FINRA/NASD Regulations	34,835.71		
5360- Office Expenses	33,598.22		
5370- Parking	7,202.25		
5390- Postage/Delivery	171.30		
5410- Quotation Fees	199,791.41		
5420- Registration Expenses	12,990.59		
5470- Telecommunications	1,445.95		
5475- Telephone	6,451.48		
5550- Travel	1,284.06	337,088.02	33,708.80
Commissions & Fees			
5180- Clearing Charges	75,909.80		
5200- Commissions	2,112,916.12		
Total Commissions & Fees	\$ 2,188,825.92		
Insurance			
5270- Fidelity Bond	5,802.00		
5280- SIPC	7,028.77		
5285- Medical	98,750.76		
Total Insurance	\$ 109,581.53		
Legal & Professional Fees			
5110- Accounting	184,913.40	86,029.84	
5116 Professional Fees (Others)	248,108.14	55,474.02	
Total Legal & Professional Fees	\$ 603,061.22	123,054.07	
License Expense	418.56		
Supplies	5,404.57		
Total Expenses	\$ 3,244,400.82		
Net Operating Income	-\$ 808,267.30		
Other Income			
Other Miscellaneous Income	0.00		
Total Other Income	\$ 0.00		
Other Expenses			
Miscellaneous	22,733.57		
Reconciliation Discrepancies	0.01		
Total Other Expenses	\$ 22,733.58		
Net Other Income	-\$ 22,733.58		
Net Income	-\$ 831,000.88	264,557.93	

Peraza Capital and Investment, LLC
Profit and Loss
January - December 2014

	Total	Branch Allocation	
Income			
3140- Commission Income	5,484,668.50		
3270- Interest	276.54		
3280- Other Income	45,164.57		
Total Income	\$ 5,629,998.61		
Expenses			
6150- Bank Charges	120.00		
6250- Dues & Subscriptions	543.30		
6340- Outside Services	16,732.73		
6366- FINRA/NASD Regulations	19,449.22		
6360- Office Expenses	9,101.63		
6370- Parking	3,194.25		
6371- Penalties & Settlements	0.00		
6410- Quotation Fees	81,701.17		
6420- Registration Expenses	37,172.68		
6476- Telephone	7,153.28		
6550- Travel	11,130.02	186,298.26	18,629.83
Branch Examination Expense	500.00		
Commissions & Fees			
6180- Clearing Charges	89,681.41		
6200- Commissions	4,612,912.70		
6210- Commissions-Others	70,030.00		
Total Commissions & Fees	\$ 4,772,624.11	\$ 757,374.50	
Education & Training	2,043.60		
Insurance			
6270- Fidelity Bond	4,046.00		
6280- SIPC	11,767.79		
6286- Medical	59,211.99		
Total Insurance	\$ 75,428.78		
Legal & Professional Fees	15,150.00	7,575.00	Sec Inquires
6110- Accounting	229,146.25	114,573.13	
6116 Professional Fees (Others)	28,332.57	28,332.57	Sec Inquires
6220- Consulting Fees	10,525.00	10,525.00	Sec Inquires
Total Legal & Professional Fees	\$ 283,163.82		
Office Rent	28,725.12		
Office/General Administrative Expenses	7,488.37		
Total Expenses	\$ 6,358,262.08		
Net Operating Income	\$ 173,736.55		
Other Income			
Other Miscellaneous Income	862.23		
Total Other Income	\$ 862.23		
Other Expenses			
Miscellaneous	-1,831.00		
Total Other Expenses	-\$ 1,831.00		
Net Other Income	\$ 2,693.23		
Net Income	\$ 176,429.78	161,005.70	

Peraza Capital and Investment, LLC
Profit and Loss
January - December 2012

	<u>Total</u>	<u>Branch Allocation</u>	
Income			
3140- Commission Income	3,398,298.92		
3211- Unrealized Gain(Loss)	1,795.68		
3270- Interest	-457.57		
3290- Other Income	51,849.63		
Total Income	\$ 3,451,286.66		
Expenses			
5150- Bank Charges	492.63		
5230 Equipment Purchases	1,901.39		
5250- Dues & Subscriptions	4,536.60		
5340- Outside Services	17,139.74		
5355- FINRA/NASD Regulations	12,477.55		
5360- Office Expenses	27,834.97		
5370- Parking	4,787.07		
5410- Quotation Fees	247,528.77		
5420- Registration Expenses	15,000.00		
5470- Telecommunications	0.00		
5475- Telephone	7,718.25		
5550- Travel	9,743.24	349,150.21	34,915.02
Branch Examination Expense	8,178.50		
Commissions & Fees			
5180- Clearing Charges	66,766.29		
5200- Commissions	2,454,898.32		
5210- Commissions-Others	134,746.50		
Total Commissions & Fees	\$ 2,676,613.11		
Education & Training	14,799.93		
Insurance			
5270- Fidelity Bond	2,745.00		
5280- SIPC	3,234.08		
5285- Medical	58,672.23		
Total Insurance	66,031.31		
Legal & Professional Fees			
5110- Accounting	150,950.00	16,228.13	
5115 Professional Fees (Others)	392,284.40	60,380.00	
Total Legal & Professional Fees	\$ 676,890.65	149,642.20	Lauren and Marissa add back 93k for marissa
License Expense	820.94		
Meals and Entertainment	50.67		
Office Rent	20,764.47		
Supplies	372.32		
Travel Meals	282.75		
Uncategorized Expense	18,241.39		
Total Expenses	\$ 3,727,894.25		
Net Operating Income	-\$ 276,607.59		
Other Income			
3120- Consulting Fee	4,000.00		
Total Other Income	\$ 4,000.00		
Other Expenses			
Miscellaneous	100,282.39		
Total Other Expenses	\$ 100,282.39		
Net Other Income	-\$ 96,282.39		
Net Income	-\$ 372,889.98	226,250.33	

Peraza Capital and Investment, LLC
Profit and Loss
 January - December 2013

	Total	Branch Allocation	
Income			
3140- Commission Income	2,897,223.20		
3280- Other Income	34,488.82		
Total Income	\$ 2,931,690.02		
Expenses			
5150- Bank Charges	110.66		
6250- Dues & Subscriptions	45.30		
5340- Outside Services	10,508.88		
5955- FINRA/NASD Regulations	14,442.25		
5360- Office Expenses	27,240.79		
5370- Parking	6,500.25		
5390- Postage/Delivery	663.68		
5410- Quotation Fees	127,021.73		
5420- Registration Expenses	23,500.00		
5475- Telephone	8,620.71		
5550- Travel	1,368.11	219,823.36	21,982.34
Branch Examination Expense	2,502.13		
Commissions & Fees			
5180- Clearing Charges	98,687.84		
5200- Commissions	2,381,228.07		
5210- Commissions-Others	52,920.00		
Total Commissions & Fees	\$ 2,532,835.71		
Education & Training	747.50		
Insurance	399.00		
5270- Fidelity Bond	3,970.00		
5280- SIPC	7,071.69		
5285- Medical	61,338.68		
Total Insurance	\$ 72,779.37		
Legal & Professional Fees	8,516.69	8,516.69	SEC Inquires
5110- Accounting	172,250.00	68,900.00	
5115 Professional Fees (Others)	170,983.88	115,500.00	Lauren and Marissa 9303 JS FINRA OTRs
5220- Consulting Fees	5,170.00	5,170.00	SEC /FINRA Inquires
Total Legal & Professional Fees	\$ 358,820.67		
Office Rent	23,761.14		
Office/General Administrative Expenses	4,891.42		
Supplies	528.34		
Travel Meals	3,164.18		
Uncategorized Expense	10,388.97		
Total Expenses	\$ 3,228,340.77		
Not Operating Income	-\$		
Other Income			
Other Miscellaneous Income	51,713.73		
Total Other Income	\$ 51,713.73		
Other Expenses			
Miscellaneous	2,221.84		
Total Other Expenses	\$ 2,221.84		
Net Other Income	\$ 49,491.89		
Net Income	-\$ 247,168.86	\$ 122,679.33	

EXHIBIT 4



**U.S. Securities and Exchange
Commission
Prejudgment Interest Report**

Peraza Prejudgment Interest

Quarter Range	Annual Rate	Period Rate	Quarter Interest	Principal+Interest
Violation Amount				\$1,180,487.98
11/01/2014-12/31/2014	3.00%	0.5%	\$5,918.61	\$1,186,406.59
01/01/2015-03/31/2015	3.00%	0.74%	\$8,776.16	\$1,195,182.75
04/01/2015-06/30/2015	3.00%	0.75%	\$8,939.31	\$1,204,122.06
07/01/2015-09/30/2015	3.00%	0.76%	\$9,105.14	\$1,213,227.20
10/01/2015-12/31/2015	3.00%	0.76%	\$9,173.99	\$1,222,401.19
01/01/2016-03/31/2016	3.00%	0.75%	\$9,117.91	\$1,231,519.10
04/01/2016-06/30/2016	4.00%	0.99%	\$12,247.89	\$1,243,766.99
07/01/2016-09/30/2016	4.00%	1.01%	\$12,505.64	\$1,256,272.63
10/01/2016-12/31/2016	4.00%	1.01%	\$12,631.38	\$1,268,904.01
01/01/2017-03/31/2017	4.00%	0.99%	\$12,515.22	\$1,281,419.23
04/01/2017-06/30/2017	4.00%	1%	\$12,779.08	\$1,294,198.31
07/01/2017-09/30/2017	4.00%	1.01%	\$13,048.36	\$1,307,246.67
10/01/2017-12/31/2017	4.00%	1.01%	\$13,179.91	\$1,320,426.58
01/01/2018-03/31/2018	4.00%	0.99%	\$13,023.39	\$1,333,449.97
04/01/2018-06/30/2018	5.00%	1.25%	\$16,622.46	\$1,350,072.43
07/01/2018-09/30/2018	5.00%	1.26%	\$17,014.61	\$1,367,087.04
10/01/2018-01/31/2019	5.00%	1.68%	\$23,034.48	\$1,390,121.52
Prejudgment Violation Range			Quarter Interest Total	Prejudgment Total
11/01/2014-01/31/2019			\$209,633.54	\$1,390,121.52

EXHIBIT 5



BrokerCheck Report
LPE SECURITIES, LLC
CRD# 117851

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 6
Firm History	7
Firm Operations	8 - 12
Disclosure Events	13

About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - o information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.
- **Are there other resources I can use to check the background of investment professionals?**
- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.



LPE SECURITIES, LLC

CRD# 117851

SEC# 8-53609

Main Office Location

2811 WEST MARLIN
TAMPA, FL 33611

Mailing Address

P O BOX 130073
TAMPA, FL 33681

Business Telephone Number

727 821 4067

Report Summary for this Firm

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

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Florida on 11/01/2001.

Its fiscal year ends in December.

Firm History

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

Firm Operations

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

Disclosure Events

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

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

The following types of disclosures have been reported:

Type	Count
Regulatory Event	6

Registration Withdrawal Information

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

**This firm terminated or
withdrew registration on:** 08/18/2017

**Does this brokerage firm owe
any money or securities to
any customer or brokerage
firm?** No





Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Florida on 11/01/2001.

Its fiscal year ends in December.

Firm Names and Locations

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

LPE SECURITIES, LLC

Doing business as LPE SECURITIES, LLC

CRD# 117851

SEC# 8-53609

Main Office Location

2811 WEST MARLIN
TAMPA, FL 33611

Mailing Address

P O BOX 130073
TAMPA, FL 33681

Business Telephone Number

727 821 4067



Firm Profile

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

Direct Owners and Executive Officers

Legal Name & CRD# (If any): THE SAM LEWIS PRIVATE EQUITY TRUST U/A DATED 3/16/2015

Is this a domestic or foreign entity or an individual? Domestic Entity

Position TRUST

Position Start Date 03/2015

Percentage of Ownership 75% or more

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

Is this a public reporting company? No

Legal Name & CRD# (If any): KEVIN A. CARRENO P.A

Is this a domestic or foreign entity or an individual? Domestic Entity

Position TRUSTEE

Position Start Date 03/2015

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): LEWIS, SAM FREDERICK
1027559

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

Position PRESIDENT -CCO

Position Start Date 11/2001

Percentage of Ownership Less than 5%

Firm Profile

Direct Owners and Executive Officers (continued)

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

Is this a public reporting company? No

Legal Name & CRD# (if any): PEREZ, XIOMARA MARGARITA
2866267

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

Position FINANCIAL AND OPERATIONS PRINCIPAL

Position Start Date 04/2009

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Firm Profile

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



Indirect Owners

Legal Name & CRD# (if any):	KEVIN A. CARRENO P.A
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	THE SAM LEWIS PRIVATE EQUITY TRUST U/A DATED 03/16/2015
Relationship to Direct Owner	TRUSTEE
Relationship Established	03/2015
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

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

No information reported.



Firm Operations

Registrations

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

This firm is no longer registered.

The firm's registration was from 05/22/2002 to 09/13/2017.



Firm Operations

Types of Business

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

This firm currently conducts 8 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter

Broker or dealer selling corporate debt securities

Underwriter or selling group participant (corporate securities other than mutual funds)

U S. government securities broker

Municipal securities dealer

Municipal securities broker

Put and call broker or dealer or option writer

Private placements of securities

Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:



Firm Operations



Clearing Arrangements

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

Introducing Arrangements

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

Name:	INDUSTRIAL AND COMMERCIAL BANK OF CHINA FINANCIAL SERVICES LLC
CRD #:	131487
Business Address:	1633 BROADWAY 28TH FLOOR NEW YORK, NY 10019
Effective Date:	01/28/2015
Description:	FULLY DISCLOSED CLEARING AGREEMENT

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

Control Persons/Financing

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

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

Firm Operations

Organization Affiliates

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

This firm is not, directly or indirectly:

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

This firm is not directly or indirectly, controlled by the following:

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



Disclosure Events



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

	Pending	Final	On Appeal
Regulatory Event	0	6	0



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

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

Disclosure 1 of 6

Reporting Source: Regulator

Current Status: Final



Allegations: RESPONDENT LPE SECURITIES, LLC FAILED TO PAY FEES OF \$2,553.71 DUE TO FINRA.

Initiated By: FINRA

Date Initiated: 08/23/2017

Docket/Case Number: N/A

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CANCELLATION

Resolution: Other

Resolution Date: 09/13/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered:

Other Sanctions Ordered: CANCELLATION

Sanction Details: PURSUANT TO FINRA RULE 9553, LPE SECURITIES, LLC'S MEMBERSHIP WITH FINRA IS CANCELED AS OF SEPTEMBER 13, 2017 FOR FAILURE TO PAY OUTSTANDING FEES.

Disclosure 2 of 6

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT LPE SECURITIES, LLC FAILED TO PAY FEES OF \$7,282 DUE TO FINRA.

Initiated By: FINRA

Date Initiated: 08/03/2017

Docket/Case Number: N/A



Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Suspension
Other Sanction(s)/Relief Sought:
Resolution: Other
Resolution Date: 08/25/2017
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Suspension
Other Sanctions Ordered:
Sanction Details: PURSUANT TO FINRA RULE 9553, LPE SECURITIES, LLC'S MEMBERSHIP WITH FINRA WAS SUSPENDED AS OF AUGUST 25, 2017 FOR FAILURE TO PAY OUTSTANDING FEES.

Disclosure 3 of 6

Reporting Source: Regulator
Current Status: Final
Allegations: SEC ADMIN RELEASE 34-80053, FEBRUARY 16, 2017:
 THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST ANGEL OAK CAPITAL PARTNERS, LLC ("ANGEL OAK CAPITAL PARTNERS" OR "AOC"), AND PURSUANT TO SECTION 21C OF THE EXCHANGE ACT AGAINST PERAZA CAPITAL & INVESTMENT, LLC ("PERAZA CAPITAL"), AN OWNER OF AOC, AND A BRANCH MANAGER OF PERAZA CAPITAL (COLLECTIVELY, "RESPONDENTS").
 THE COMMISSION FINDS THAT THIS MATTER INVOLVES VIOLATIONS OF THE BROKER-DEALER REGISTRATION REQUIREMENTS OF SECTION 15(A) OF THE EXCHANGE ACT BY ANGEL OAK CAPITAL PARTNERS. SECTION 15(A) PROVIDES THAT BROKERS AND DEALERS MUST REGISTER WITH THE



COMMISSION, ABSENT AN APPLICABLE EXEMPTION. FROM MARCH 2010 TO OCTOBER 2014, ANGEL OAK CAPITAL PARTNERS VIOLATED THE REGISTRATION PROVISIONS OF THE EXCHANGE ACT BY OPERATING AS AN UNREGISTERED BROKER-DEALER. IN LATE 2009, ANGEL OAK CAPITAL PARTNERS ENTERED INTO AN INDEPENDENT CONTRACTOR AGREEMENT (THE "IC AGREEMENT") WITH PERAZA CAPITAL, A REGISTERED BROKER-DEALER. THE AGREEMENT'S INTRODUCTION PROVIDED THAT ANGEL OAK CAPITAL PARTNERS AND PERAZA CAPITAL ENTERED INTO THE IC AGREEMENT SO THAT AOCF "MAY CONDUCT A SECURITIES BUSINESS THROUGH" PERAZA CAPITAL. PURSUANT TO THE ARRANGEMENT, TRADERS EMPLOYED BY AOCF IN ITS SECURITIES BUSINESS WERE REGISTERED WITH FINRA AS REGISTERED REPRESENTATIVES OF PERAZA CAPITAL. PERAZA CAPITAL ALSO FILED A FORM BR WITH FINRA DESIGNATING THE ATLANTA OFFICE AS A BRANCH OFFICE. BY THE TERMS OF THE AGREEMENT, ANGEL OAK CAPITAL PARTNERS WAS ENTITLED TO 85% OF ALL COMMISSION REVENUE GENERATED BY THE TRADING ACTIVITIES OF THE REGISTERED REPRESENTATIVES IN THE ATLANTA OFFICE. PERAZA WAS TO RECEIVE THE REMAINING 15% FOR PROVIDING ACCESS TO ITS TRADING PLATFORM, BACK OFFICE SUPPORT, AND CLEARANCE AND SETTLEMENT. DURING THE RELEVANT PERIOD, ANGEL OAK CAPITAL PARTNERS HELD ITSELF OUT AS A BROKER-DEALER. ANGEL OAK CAPITAL PARTNERS' EMPLOYEES WHO WERE REGISTERED REPRESENTATIVES OF PERAZA CAPITAL ENTERED INTO MORE THAN 900 TRADES AND REGULARLY SOLICITED CUSTOMERS AND MARKETED ITS SECURITIES BUSINESS TO PROSPECTIVE CUSTOMERS. IN DOING SO, THEY OFTEN USED THE "ANGEL OAK" NAME.

MOREOVER, ANGEL OAK CAPITAL PARTNERS AND ITS OWNERS OR EMPLOYEES, WHO WERE NOT REGISTERED AS BROKER-DEALERS OR ASSOCIATED WITH A REGISTERED BROKER-DEALER, WERE INVOLVED IN THE OPERATIONS OF THE SECURITIES BUSINESS, INCLUDING BY HIRING NEW EMPLOYEES TO ENGAGE IN SECURITIES ACTIVITIES AND WHO WOULD BECOME REGISTERED REPRESENTATIVES OF PERAZA CAPITAL, DETERMINING COMPENSATION (INCLUDING TRANSACTION-BASED COMPENSATION) FOR THE EMPLOYEES, ENGAGING IN MARKETING ACTIVITIES, AND PARTICIPATING IN RELEVANT DISCUSSIONS AS TO HOW TO OPERATE THE BUSINESS.

PERAZA CAPITAL, BY PERMITTING ANGEL OAK CAPITAL PARTNERS TO ACCESS ITS TRADING PLATFORM, SUCH AS SETTLEMENT AND CLEARING SERVICES, PROVIDED ASSISTANCE WHICH ALLOWED ANGEL OAK CAPITAL PARTNERS TO OPERATE A BROKERAGE BUSINESS WITHOUT REGISTERING AS A BROKER-DEALER. PERAZA CAPITAL ALSO FACILITATED ANGEL OAK CAPITAL PARTNERS' OPERATION OF ITS SECURITIES BUSINESS BY REGISTERING CERTAIN EMPLOYEES AS LICENSED REPRESENTATIVES THROUGH PERAZA CAPITAL. PERAZA CAPITAL



FACILITATED ANGEL OAK CAPITAL PARTNERS' TRADING ACTIVITIES, EVEN THOUGH IT KNEW ANGEL OAK CAPITAL PARTNERS WAS NOT REGISTERED AND KNEW OR SHOULD HAVE KNOWN THAT THE OWNERS OF ANGEL OAK CAPITAL PARTNERS, WHO WERE NOT ALL REGISTERED AS BROKER-DEALERS OR ASSOCIATED WITH A REGISTERED BROKER-DEALER, WERE EXERCISING CONTROL OVER THE OPERATION OF THE FIRM'S SECURITIES BUSINESS. THROUGH ITS ARRANGEMENT WITH ANGEL OAK CAPITAL PARTNERS, PERAZA CAPITAL RECEIVED COMMISSIONS FROM THE TRADING ACTIVITY DESCRIBED ABOVE. AS A RESULT, PERAZA CAPITAL CAUSED VIOLATIONS OF SECTION 15(A) OF THE EXCHANGE ACT.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 02/16/2017

Docket/Case Number: 3-17849

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 02/16/2017

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: IT IS ORDERED THAT PERAZA CAPITAL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15(A) OF THE EXCHANGE ACT.

Regulator Statement RESPONDENTS HAVE SUBMITTED OFFERS OF SETTLEMENT (THE "OFFERS") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. IT IS ORDERED THAT PERAZA CAPITAL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 15(A) OF THE EXCHANGE ACT.



PERAZA CAPITAL ALSO AGREED TO ADDITIONAL PROCEEDINGS TO DETERMINE WHETHER IT IS APPROPRIATE TO ORDER DISGORGEMENT, PREJUDGMENT INTEREST AND/OR CIVIL PENALTIES PURSUANT TO SECTIONS 21B AND 21C OF THE EXCHANGE ACT, AND IF SO, THE AMOUNT OF DISGORGEMENT AND/OR CIVIL PENALTIES.

Disclosure 4 of 6

Reporting Source: Regulator

Current Status: Final

Allegations: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO REPORT TO THE TRADE REPORTING AND COMPLIANCE ENGINE (TRACE) TRANSACTIONS IN TRACE-ELIGIBLE SECURITIZED PRODUCTS WITHIN THE REQUIRED TIME PERIOD.

Initiated By: FINRA

Date Initiated: 03/24/2014

Docket/Case Number: 2012033502501

Principal Product Type: Other

Other Product Type(s): SECURITIZED PRODUCTS

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 03/24/2014

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: SEE ABOVE



FINE PAID IN FULL ON APRIL 15, 2014.

Disclosure 5 of 6

Reporting Source: Regulator

Current Status: Final

Allegations: SEC SECTION 15(C) OF THE EXCHANGE ACT OF 1934, SEC RULE 15C3-1, SEC SECTION 17(A) OF THE EXCHANGE ACT, SEC RULE 17A-3, 17A-5, AND 17A-11, NASD RULES 2110, 3110: THE FIRM FAILED TO MAINTAIN ITS MINIMUM NET CAPITAL REQUIREMENT WHILE IT CONDUCTED A SECURITIES BUSINESS, WHICH RESULTED FROM THE FIRM'S FAILURE TO RECORD EXPENSES ON ITS BOOKS AND RECORDS, ITS FAILURE TO ACCRUE COMMISSIONS PAYABLE, ITS FAILURE TO CLASSIFY SECURITIES AND CASH IN A BROKERAGE ACCOUNT MAINTAINED BY THE FIRM AS NON-ALLOWABLE ASSETS, ITS FAILURE TO CLASSIFY A DEBIT BALANCE IN THE BROKERAGE ACCOUNT, MAINTAINED AS NON-ALLOWABLE ASSETS, AS A LIABILITY, AND/OR ITS MISCALCULATION OF HAIRCUTS. THE FIRM PLACED MORE THAN TEN PROPRIETARY TRADES IN 2008, WHICH RAISED ITS MINIMUM NET CAPITAL REQUIREMENT. THE FIRM, IN SEPARATE INSTANCES, DID NOT FILE AND DID NOT FILE TIMELY THE REQUISITE NOTIFICATION OF ITS NET CAPITAL DEFICIENCIES AND THE FIRM MAINTAINED INACCURATE BOOKS AND RECORDS. THE FIRM FILED TWO INACCURATE FOCUS REPORTS FOR THE PERIOD ENDING JUNE 30, 2008.

Initiated By: FINRA

Date Initiated: 11/05/2010

Docket/Case Number: 2008011713901

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/05/2010



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$12,500.00

Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$12,500.

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Reporting Source:

Firm

Current Status:

Final

Allegations:

SEC SECTION 15(C) OF THE EXCHANGE ACT OF 1934, SEC RULE 15C3-1, SEC SECTION 17(A) OF THE EXCHANGE ACT, SEC RULE 17A-3, 17A-5, AND 17A-11, NASD RULES 2110, 3110: THE FIRM FAILED TO MAINTAIN ITS MINIMUM NET CAPITAL REQUIREMENT WHILE IT CONDUCTED A SECURITIES BUSINESS, WHICH RESULTED FROM THE FIRM'S FAILURE TO RECORD EXPENSES ON ITS BOOKS AND RECORDS, ITS FAILURE TO ACCRUE COMMISSIONS PAYABLE, ITS FAILURE TO CLASSIFY SECURITIES AND CASH IN A BROKERAGE ACCOUNT MAINTAINED BY THE FIRM AS NON-ALLOWABLE ASSETS, ITS FAILURE TO CLASSIFY A DEBIT BALANCE IN THE BROKERAGE ACCOUNT, MAINTAINED AS NON-ALLOWABLE ASSETS, AS A LIABILITY, AND/OR ITS MISCALCULATION OF HAIRCUTS. THE FIRM PLACED MORE THAN TEN PROPRIETARY TRADES IN 2008, WHICH RAISED ITS MINIMUM NET CAPITAL REQUIREMENT. THE FIRM, IN SEPARATE INSTANCES, DID NOT FILE AND DID NOT FILE TIMELY THE REQUISITE NOTIFICATION OF ITS NET CAPITAL DEFICIENCIES AND THE FIRM MAINTAINED INACCURATE BOOKS AND RECORDS. THE FIRM FILED TWO INACCURATE FOCUS REPORTS FOR THE PERIOD ENDING JUNE 30, 2008.

Initiated By:

FINRA

Date Initiated:

11/05/2010

Docket/Case Number:

2008011713901

Principal Product Type:

Other

Other Product Type(s):



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, PERAZA CAPITAL AND INVESTMENT LLC CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$10,000.

.....

Reporting Source: Firm

Current Status: Final

Allegations: NASD RULES 2110, 3011(B) AND 3011(C) - MEMBER FIRM FAILED TO ESTABLISH AND IMPLEMENT POLICIES, PROCEDURES AND INTERNAL CONTROLS REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH THE BANK SECRECY ACT AND IMPLEMENTING REGULATIONS THEREUNDER AS REQUIRED, AND PROVIDE FOR INDEPENDENT TESTING FOR COMPLIANCE TO BE CONDUCTED BY A QUALIFIED OUTSIDE PARTY.

Initiated By: NASD

Date Initiated: 04/05/2005

Docket/Case Number: C07050022

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/05/2005

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00



Other Sanctions Ordered:

Sanction Details:

WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, PERAZA CAPITAL AND INVESTMENT LLC CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$10,000.

End of Report



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