

## New Evidence

I want to explain the check that I am labeling as new evidence. As I have said all along, the DWP retirees have extremely generous deferred compensation plans also known as pensions. Upon retirement, they have several choices/ options. Most pick a lifetime pension. But not all do.

There are certain instances where it does not make sense to take the lifetime pension. As is the case in this situation. They are not in great health and have no spouse to want to take care of should they pass away. Taking the pension option is not at all a desirable option for them because they might die in a few years. For some DWP retirees, the life pension option is fantastic for them and/ or their spouse. They might live 30 years and collect that pension throughout.

But not in all cases such as this one. For some, such as this retiree in poor health, rolling over the entire amount and using the funds as they desire is by far the best option for them. If the DWP rolls over the lump sum or takes the lifetime pension incomes payments, either way it is a tremendously valuable asset that I used in calculating the client's net worth.

It was completely appropriate for me to do that. Let's take two neighbors as an example. Let's say one worked for Walmart and one worked for the DWP. The DWP retiree is going to get a \$10,000 per month pension payment (or the \$2 million lump sum) and the Walmart retiree is just going to get social security. How are their two respective net worths the same?

I have new evidence that I want the SEC to hear and consider. The Professor from Tulane University correctly said in the first hearing that the heart of this matter/ case is suitability. That is absolutely correct. I know that is very inconvenient for FINRA Enforcement, but I actually did the suitability correctly.

I did not do all the paperwork correctly, there were inconsistencies in my paperwork. That was an error on my part. I take full responsibility for all my actions. But the DWP employees do have these very significant assets, and it is very important and necessary to include them in those clients' net worth. If those assets are correctly included, as they should be, I did not cause Western's books and records to be incorrect.

I am aware that the SEC is taking action against Western. I am very interested in being a witness against Western for the SEC. I was the smallest participant in this matter. I want justice to be served here. FINRA's solution was to give the most insignificant participant in all of this the death penalty. I want Western, my OSJ Douglas Weisner, Western compliance department Brad Keiser (that also oversaw and approved every single one of the transactions I made) to be held accountable, as well.

Regarding the impersonating the customer charge, I had obtained prior verbal authorization to call from the customer. Further, both of the clients signed a letter

authorizing me to call. Western has that letter. The client has that letter, and it is in the client's file. Western compliance department has that letter.

To SEC Appeals Council,

I had been in the securities industry for 15 years before I joined Western International Securities. I had no prior disciplinary actions and no prior disclosure matters. I am not a revisit. Before I joined Western, I had NEVER sold a REIT and never intended to. I was never a fan or liked them.

But when I joined Western, there was intense pressure to sell them. Everyone there was selling them. I eventually caved into the intense pressure from the management to sell them, too. This was the biggest mistake of my career and my life. Selling these REITs at the direction of Western and its management ruined my life. Selling those REITs ruined my marriage and broke apart my family.

I never sold away. I never sold a product. I was not supposed to. All of the products I sold were investments that were approved by FINRA and the SEC. They were all registered products/ investments. All of the products were approved by Western and its compliance department. Every single transaction I sold was approved by the Western compliance department and my OSJ. The clients signed 25 disclosures and documents acknowledging the risks and illiquidity of these investment vehicles. I was a broker with clean disclosure history. I am a first time offender. Not a recidivist. I ask for a second chance. I have learned my lesson, I will do better going forward.

I did not receive a fair trial by FINRA. They conducted a trial that was very one-sided. This really bothers and upsets me.

I held my Securities licenses sacred. They meant everything to me. I believe that if FINRA was going to take something so important from someone, they at least need to give that person a fair trial. FINRA certainly did not do that. From the very beginning they blocked and prevented me from defending myself. The first thing I wanted to do was enter into evidence how much in total sales, specifically the ARC REIT investments I had sold. Western had sold 100's of millions of them. I believe the western Westlake Village office, the office I was in under OSJ Douglas Weisner, had sold \$250 million worth of them. I wanted what I sold to be put in the right context. FINRA denied me that from the beginning.

During the actual trial, one of my attorneys worked literally day and night, working himself to exhaustion to try to prepare a defense for me. He gave a valiant and heroic effort for me in his preparation. When it was our turn/ our time to give my defense in/during the FINRA trial, FINRA shut him down completely.

One of my attorneys had to resign in the middle of the trial for ethical reasons because he could not continue to be paid \to represent me when FINRA was making it impossible to do his job and represent me in this matter. How is this right or fair at all? They set up the trial for 2 weeks, 14 days. But they were so adamant about shutting me and my lawyers down from presenting the actual facts and presenting my defense, they shut down and closed the hearing after just over a week. The trial was 8 days and not 14. We

should have had plenty of time in the 14 days, but they controlled and denied evidence we wanted to present. I had plausible evidence to cross-examine the very few witnesses that testified against me. They did not allow us to cross-examine any of the witnesses.

If IFNRA had given me a fair trial, let me and my lawyers get all the facts out, I could live with that. But they conducted a very hurtful and insulting one sided trial that they controlled completely. If that was the case, why even have the “trial” at all? Just say membership is a privilege not a right. We don’t like you and we are taking your license away. Period. That would have been more appropriate. If FINRA is going to give a first time offender the death penalty for doing exactly what the firm he was working at wanted him to do, pressured him to do, at least give the young and impressionable guy that got used and abused as a mule a fair trial.

FINRA certainly did not give me a fair trial.

I will be the first one to admit that I gave a terrible OTR. As my attorney said, one of the worst he has ever seen and he has seen so many of them. When I gave that extremely ill advised OTR, I gave it in the spirit of cooperation and I was trying to be honest, forthcoming and contrite. I thought I was giving whistle blower testimony. I did not understand that everything I was saying was going to end up being used against me by FINRA. I was sincerely and obviously trying to take full responsibility for my actions in this matter.

At the time I thought I was doing the right thing. In hindsight, it was horribly wrong. The stupidest thing I did was to give that OTR WITHOUT COUNSEL. I incorrectly thought that it would be better if I gave that ill advised OTR without an attorney’s supervision.

FINRA took full advantage of my mistake there. I made admissions in the spirit of being forthcoming and contrite I never should have. I take full responsibility for my actions. But I do not believe that I deserved to get the death penalty by FINRA for selling legal products sanctioned by FINRA and the SEC at the discretion of the firm I was working at. Each of the transactions were individually approved by my OSJ and Western compliance and the clients understood agreed, never complained to anyone, yet I got the death penalty. The little young guy, the lowest guy on the totem pole took the fall. I was the sacrificial lamb.

Another important point I want to make is that none of my clients complained. Especially to FINRA. I do not want to the SEC to think that any of my clients filed any complaints to FINRA, the SEC not even to the firm/ Western. None of the clients complained to anyone. FINRA very aggressively contacted all of my clients, every single one. Out of 100’s of my clients they got 4 to testify against me in their unfair trial. All of my clients were contacted by FINRA 4 to 5 times each. They were sent FedEx formal letters. Many clients actually complained to me about FINRA’s very aggressive tactics. They asked me if I could make them stop. I obviously said no. Anyhow they finally did get 4 out of 100’s of possible clients to flip and testify against me.

I was later told that FINRA made them promises, financial reimbursement of the commissions I made in return for their cooperation/ testimony against me. Again,

none of those clients went to FINRA. FINRA went to each of my clients. Every single one. 100's of them. FINRA very aggressively solicited their testimony. None of the clients complained to Western, FINRA or the SEC.

I have made mistakes early in my career that I regret. I have learned from them, paid a heavy price and learned my lesson. But as aggressive as FINRA was, if a powerful regulator like them aggressively contacts up to 4 and 5 times, sends them formal letters, 100's of the most ethical brokers clients and promises them financial incentives to cooperate and testify against their brokers, no matter who the broker is, a few of those clients will turn on and flip on their broker. I do not think anyone should be surprised or impressed that FINRA was able to get just 4 of my clients to testify against me. Again, none of any of the clients ever complained or reached out to FINRA. FINRA aggressively solicited them.

The investments were not perfect. Far from it. But the clients understood them and signed up to 25 different disclosures for them. They understood the risks involved. Many of the clients still voluntarily hold the positions till this day.

Certainly they were not perfect, but when you consider all the reinvested dividends, and the money that Western paid back to them, I don't think they have very many losses at all at this point. The original investments offered them capital gains potential (that did not happen) but all the dividends and the depreciation did happen. They got favorable tax treatment for those REIT investments, with the depreciation and all. But now because of FINRA's settlement agreement with Western, all of my clients have a very complicated tax issue/ situation that each of them has to figure out individually on their own.

I am aware that the SEC is taking action Western. I am very interested in being a witness against western for the SEC. I was the smallest participant in this matter. I want justice served here. FINRA's solution was to give the most insignificant participant in all of this the death penalty. I want Western, my OSJ Douglas Weisner, Western compliance department Brad Keiser (that also oversaw and approved every single one of the transactions I made) to be held accountable as well.

I was confused during my "On the Record" (OTR). I was going through an awful lot in my personal life and career during my OTR. I was having all kinds of troubles in my business because of these REIT's that I sold at Western. My marriage had failed at that time. I was trying to cope with that and come to terms with that. I was an emotional mess. I was having severe back pain and was trying to manage that. I did not have health insurance So I was self-medicating and trying to deal with that issue as best I could. I thought I was cooperating with FINRA. This was my third OTR over the years. I did not have an attorney present to represent and protect me from them. I could not afford one as my business and my life were in shambles at that point. I did not understand that I could have possibly had council paid for by CNA insurance company, my E&O insurance I had through Western. That triggered/ kicked in later, and I was represented by Mr. Jeff Kob during my FINRA trial/ hearing. I did not pay for that. CNA, my insurance company paid for that representation. During my OTR, I was not well. I was sick. I was not well mentally or physically. I was in severe back pain. I would have to stand on a regular basis to alleviate the pressure on my back. This was a constant issue during the OTR. FINRA had 8 to 10

lawyers taking turns attacking me. I was so confused. I was very overwhelmed and overmatched. I tried to be contrite and truthful, and I was. But everything I said came out wrong and was twisted and manipulated by FINRA. I was just in a weak and uncomfortable compromised situation. It was a very weak moment for me and it made all my problems much worse. FINRA took advantage of me and ran with it. I never thought of, never imagined things were going to turn out the way they did.

FINRA severely twisted and misconstrued what I was trying to say/ convey in my OTR. Mind you, at the time I was going through an awful lot of personal, emotional and health issues. I was without council. What I said was taken out of context. I had done all the research to sell the REITs. I had completed all the required trainings. I had been in numerous meetings regarding them. I had been on many conference calls and due diligence meetings. I used the term "Black Box." Boy did FINRA exploit and take advantage of that. I would argue that I knew more about them than any other broker/ advisors in my office. But did I know EVERYTHING? Did I understand Everything? No I did not. I wish I knew and understood more. How corrupt they were. How corrupt Western was complicit with them. I certainly did not know all that. I wish I had.

I wish I had never sold a REIT. Especially the ARC REIT's. I was snake bitten, I found out the truth way after. Too late. I have been really shocked and surprised as to how FINRA went about all this. I want to shed light on the whole thing and explain and expose them. If they did everything right and properly, then fine. I accept my fate. But I do not believe they did things ethically at all. They contacted each of my clients and told them that they were investigating me. They contacted each client between 3 to 5 times each. They sent them very official FedEx letters. Many clients felt harassed by FINRA's very aggressive tactics against me. Even when many clients told FINRA that they did not want to cooperate with their investigation, FINRA kept calling them and sending them FedEx official letters. Clients were constantly complaining to me about FINRA and asking me if I could make them stop with their aggressive efforts.

This is very upsetting to me. FINRA lied and manipulated the clients that testified against me net worths. They committed misconduct here as well. They actually did what they convicted me of, they manipulated the clients net worth. Because these few clients were willing to cooperate with FINRA and testify against me, FINRA just lied and manipulated their net worth. Carol Neagotte admitted and acknowledged under oath at the trail that her net worth was around \$3 Million. She agreed that I had listed that correctly on the paperwork. She testified that I would call her the millionaire lady next door, and her and I would laugh about that. FINRA knew that she had more assets. But they lied and concealed them. They said in their filing/ accusation against me, that the REIT represented 12% of her net worth. That is not true, the REIT represented only 2% of her net worth.

Jack and Wendy Den have multi million dollar net worth. Jack Den, in a recorded conversation told me that he had purchased other REITs from another broker, different broker dealer. Even FINRA could not so blatantly get him to lie under oath like that so they actually strategically did not have him specifically not testify. They had only Wendy Den testify. They concocted a lie excuse that he was working and could not testify because of work. Absolutely a lie. The trial ended 3 and half days earlier than scheduled. If FINRA wanted him to testify, they would have

found the time and scheduled him without question. FINRA said in their accusation that they convicted me of that Wendy and Jack Den's net worth was \$500K and that the REIT purchase represented 11% of their net worth. Their actual net worth is at least \$2 million. That would be an extremely conservative estimate. At the very conservative \$2 million net worth, this REIT purchase would represent no more than 2.5% of their net worth. If FINRA had been fair and truthful and just added/ included Jack Den's other REIT purchases, they would have been under the 10% threshold, even with FINRA's grossly manipulated net worth figures. Both are blatant lies, Their net worths are substantially higher, FINRA concealed assets to fit their narrative because those specific clients were cooperating with FINRA and willing to testify against me. FINRA actually did, manipulate the net worth, that they convicted me of. A few former clients took FINRA's bait and cooperated with them against me. Out of 100's of clients of mine over the years they finally got 4 of them to cooperate and testify against me.

One is the son of a deceased client that is a police officer. He lied repeatedly under oath. I brought this up in the trial. His mother had disinherited him. When she was of sound mind and making all of her financial decisions on her own, she had listed her other son who had special needs as sole beneficiary. But when the police officer son found out about that, he took over all of her financial affairs, he made himself sole beneficiary and disinherited his special needs brother. I tried to point and prove all this in the hearing/ trial by showing that when she originally set up the annuities 15 and 20 years ago, she had listed the special needs son as sole beneficiary. But when the police officer son gained power of attorney over his mother he changed everything to make himself sole beneficiary. In the trial/ hearing he testified repeatedly how much his mother loved me. His words. Repeatedly. I loved her. I looked out for her. We were burning through tremendous amounts of capital to pay for her care. I tried hard for them. I did well for them. I grew her capital and made it last. I did my best for that family. I loved Janet Ruzek.

FINRA got Wendy and Jack Den to testify against me. Wendy Den also lied under oath for FINRA against me. Jack Den had told me that he had bought other REIT's from other brokers/ broker dealers. FINRA knew about those REIT purchases. They deliberately and intentionally excluded those assets in the next worth calculations of Dens. Had they included those REIT's, and other assets, the REIT's I had sold them a nominal amount \$45,000, would have been completely appropriate. This couple are multi millionaires. They own a very successful lighting business that Wendy Den inherited from her father. But because they were willing to cooperate with FINRA and testify against me, FINRA twisted and manipulated everything of their fiancés. They ignored many of their assets because they did not fit into their interests, they ignored/ excluded and concealed many of Wendy and Jack Dens assets because it would hurt their case/ objective. But what about the truth? What about my rights? It was so bad, as if concealing major and significant assets were not bad enough, FINRA could not get around the issue that Jack Den had bought other REIT's from another broker different broker dealer. They could not have him testify. They knew I would bring that up at the trial/ hearing. They knew I would attack and expose that. So they did not have Jack Den testify at the hearing. They had only Wendy Den testify. I or my attorney asked why Jack Den was not testify, Wendy Den came up with a cockamamie excuse that because of Covid 19 they both could not be away from the business at the same time. What a poor excuse. Obviously we would have scheduled them to testify on

different days, different times to accommodate them. But the truth is that FINRA could not ask Jack Den to so blatantly lie about the other REIT purchases.

Jackie Ochoa pains me. Of all the clients that testified against me, her situation pains me the most. She got cancer, her life situations changed. I reached out to her. I cared for her. I wanted to help her and her family. Things turned out wrong and I got overwhelmed.

She had told me that this particular asset of hers, she wanted that asset segregated. Her own and exact words to me were "Mike, put this money away. I NEVER want to touch this money. This money is for my twin daughters." Jackie Ochoa has 4 children. The 2 younger sons and the 2 older twin daughters. One of the younger sons is special needs. She knew that the younger sons would be provided for. Their father Jose Reyes also works for the DWP. But Jackie Ochoa was more concerned about her daughters.

She would regularly worry and tell me that they "have nothing." I make this point here because I tried to bring this issue up during the hearing/trial. Jackie Ochoa wanted an income producing long term investment for the benefit of her daughters at the time we made the investment. I tried, unsuccessfully to introduce who she had listed as beneficiary for that specific account, those specific assets of hers. This is extremely relevant. She had not listed all 4 of her children. She had excluded her special needs son from that asset. She had specifically only listed her 2 older daughters from a different relationship, different father. I had all of this documented with scrupulous notes and records, including a recording that I wanted to introduce into the FINRA hearing/ trial but was not allowed to. All of that material and relevant information was suppressed by FINRA.

Now I want to get into a separate issue regarding Mrs. Ochoa that is relevant and material all the DWP clients. Her pension plan. Mrs. Ochoa has a million dollar pension plan/ policy. Her ex husband also has a million dollar pension plan/ million dollar pension policy. Her new husband (also has a million dollar pension plan policy). However inconvenient and problematic it is for FINRA, when you calculate Jackie Ochoa's assets, when you include her properties, liquid assets, long term investments and her pension plan, not even even including the former husband or the current husband's assets or pension plan, the REIT investment is under the 10% threshold FINRA accused and convicted me of. She specifically wanted a long term income producing investment for the benefit of her daughters. She used the income from the investment over the years. Yes later her circumstances changed. But at the time, the REIT investment was suitable and appropriate for her.

Robert Correa lied. His investment was for \$100,000. His net worth is at least \$2.5 million. Not including his million dollar pension plan and DWP deferred compensation plans. He has a beach front, renovated rental investment property in one of the most expensive and sought after areas of Southern California. He has a million dollar pension plan. He lied under oath. He lied about why and when he retired. He said that he had to delay his retirement because of this investment. He testified under oath that this investment caused him hardship. Not true. At the time of the investment, he had worked for the DWP for about 15 years. There are retirement provisions such as full lifetime medical insurance and a fully vested pension plan from the DWP that trigger only after 20 years of service.



Robert Correa worked for 20 years at the Dwp to obtain and secure that. Had absolutely nothing to do with me or this investment.

Carol Nageotte told the truth. She did not lie. I do not even know why they called her to testify. FINRA just need people, anyone that was willing to cooperate and testify. Carol Nageotte's net worth was easily \$3 million at the time. Not including her million dollar pension income. Her investment in the REIT was I believe for \$65,000. She had liquid investments at the time of \$800,000.

She had 3 separate investment properties in Los Angeles, Henderson Nevada and in Hawaii. She would rotate through each of her properties during certain times during the year to avoid state income taxes on her million dollar pension income.

Regarding Mr Bret Evans, he worked so hard to prepare for this trial. But during the trial, he was not allowed to enter and present all of legal work. The Chairman blocked him several times. To the extent that Mr Evans could not ethically continue. He was forced to withdraw in the middle of the trial/hearing. I have not heard of something like this before. How was that a fair trial? This is my livelihood they are taking away here. They ruined my career and reputation, and did not even give me a fair trial/ hearing.

There is another issue I want to address and discuss. Let's say hypothetically speaking, each of these clients had a \$10 million dollar net worth. None of the trades/ transactions were for \$1 million individually or collectively/ total. The net worth of each of the clients was correct. On all the paperwork, on the documentation, when you factor in the value of the DWP pensions, the next worth figures are actually correct. This fact works against FINRA's interest, so they are ignoring and excluding these particular clients biggest asset. Well I'm sorry but this is not right or fair. They are right. Many many other brokers at western, specifically in the Westlake Village office under Doug Weisner were indeed inflating those net worth figures, but not me. I did it right. Because of my unique and unusually highly compensated DWP clients and their million dollar pension plans, I actually did the net worth calculations correctly. FINRA tried and convicted me of otherwise. Let's say someone stole \$10,000. It does not matter if that person stole \$10,000 from somebody that has only \$10,000 or a million dollars. It is the same crime. But the heart of the issue regarding FINRA's allegations and conviction against me is these clients net worth. If the net worth figures I listed are correct, and they are correct when you factor in the million dollar pensions.

I actually did not do what FINRA convinced me of. Without question, because of all that I was going through, I gave a terrible OTR, FINRA took that and ran with it. But what about the actual facts? FINRA ignored, concealed and manipulated the actual facts and convicted me for being "a bad broker" Jessica Zetwick-Skryzhynskyy, told my former attorney Robert Cornish Jr several times that Mike Patatian is a "bad broker" and that they/FINRA was going to get me one way or another. They certainly did. FINRA proceeded to prosecute and convict me for giving a bad OTR, without representation because they have put so much time and resources over all these years. Even as they knew all along the actual facts were against them, they plowed forward

and did this to me and my family. I sold FINRA approved, registered, appropriate and suitable products to wealthy DWP executives, who understood the risks the risks and illiquidity of the products were clearly and explicitly explained to them. The clients individually signed a dozen or more different disclosure documents attesting to that. Then my OSJ also signed off on the investment transaction. Then Westerns compliance department also signed off on the transaction. I never sold away. I never went behind anyone's back. I did exactly as Western, Doug Weisner instructed me to do.

In his testimony, the Chief Compliance Officer at Western, Brad Keiser, testified that I did not break any Western rules, I was fully compliant. I was in good standing with western throughout. I was their mule. They had me do their dirty work for them. They used and abused me, then threw me under the bus and made me the scapegoat. FINRA happily took that and ran with it. Here I am now.

Please see my Exhibit A.

All along I have maintained that I actually did the suitability for my clients correctly. Almost all the other brokers at Western did not. We were instructed and trained by Western management to inflate so that we can sell them more ARC REITs.

I did not do that. I have a unique clientele that were DWP active employees or retirees. They work or worked for the largest municipality in the world. They had the most generous compensation packages of any municipality in the country. I used the value of their differed compensation pension plans in the clients net worth calculations. I believe it was completely appropriate to include that because for most of them it is up to \$2 million dollars. This was inconvenient for FINRA against me, so FINRA just chose to ignore that tremendous asset completely. Obviously if it was to their advantage, they would have certainly and absolutely used it, but since it was not, they dismissed and ignored those assets completely.

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The investments were not perfect. Far from it. But the clients understood them and signed up to 25 different disclosures for them. They understood the risks involved. Many of the clients still voluntarily hold the positions till this day.

Certainly they were not perfect, but when you consider all the reinvested dividends, and the money that Western paid back to them, I don't think they have very many losses at all at this point. The original investments offered them capital gains potential (that did not happen) but all the dividends and the depreciation did happen. They got favorable tax treatment for those REIT investments, with the depreciation and all. But now because of FINRA's settlement agreement with Western, all of my clients have a very complicated tax issue/ situation that each of them has to figure out individually on their own.

I am aware that the SEC is taking action Western. I am very interested in being a witness against western for the SEC. I was the smallest participant in this matter. I want justice served here. FINRA's solution was to give the most insignificant participant in all of this the death penalty. I want Western, my OSJ Douglas Weisner, Western compliance department Brad Keiser (that also oversaw and approved every single one of the transactions I made) to be held accountable as well.

I was confused during my "On the Record" (OTR). I was going through an awful lot in my personal life and career during my OTR. I was having all kinds of troubles in my business because of these REIT's that I sold at Western. My marriage had failed at that time. I was trying to cope with that and come to terms with that. I was an emotional mess. I was having severe back pain and was trying to manage that. I did not have health insurance So I was self-medicating and trying to deal with that issue as best I could. I thought I was cooperating with FINRA. This was my third OTR over the years. I did not have an attorney present to represent and protect me from them. I could not afford one as my business and my life were in shambles at that point. I did not understand that I could have possibly had council paid for by CNA insurance company, my E&O insurance I had through Western. That triggered/ kicked in later, and I was represented by Mr. Jeff Kob during my FINRA trial/ hearing. I did not pay for that. CNA, my insurance company paid for that representation. During my OTR, I was not well. I was sick. I was not well mentally or physically. I was in severe back pain. I would have to stand on a regular basis to alleviate the pressure on my back. This was a constant issue during the OTR. FINRA had 8 to 10

lawyers taking turns attacking me. I was so confused. I was very overwhelmed and overmatched. I tried to be contrite and truthful, and I was. But everything I said came out wrong and was twisted and manipulated by FINRA. I was just in a weak and uncomfortable compromised situation. It was a very weak moment for me and it made all my problems much worse. FINRA took advantage of me and ran with it. I never thought of, never imagined things were going to turn out the way they did.

FINRA severely twisted and misconstrued what I was trying to say/ convey in my OTR. Mind you, at the time I was going through an awful lot of personal, emotional and health issues. I was without council. What I said was taken out of context. I had done all the research to sell the REITs. I had completed all the required trainings. I had been in numerous meetings regarding them. I had been on many conference calls and due diligence meetings. I used the term "Black Box." Boy did FINRA exploit and take advantage of that. I would argue that I knew more about them than any other broker/ advisors in my office. But did I know EVERYTHING? Did I understand Everything? No I did not. I wish I knew and understood more. How corrupt they were. How corrupt Western was complicit with them. I certainly did not know all that. I wish I had.

I wish I had never sold a REIT. Especially the ARC REIT's. I was snake bitten, I found out the truth way after. Too late. I have been really shocked and surprised as to how FINRA went about all this. I want to shed light on the whole thing and explain and expose them. If they did everything right and properly, then fine. I accept my fate. But I do not believe they did things ethically at all. They contacted each of my clients and told them that they were investigating me. They contacted each client between 3 to 5 times each. They sent them very official FedEx letters. Many clients felt harassed by FINRA's very aggressive tactics against me. Even when many clients told FINRA that they did not want to cooperate with their investigation, FINRA kept calling them and sending them FedEx official letters. Clients were constantly complaining to me about FINRA and asking me if I could make them stop with their aggressive efforts.

This is very upsetting to me. FINRA lied and manipulated the clients that testified against me net worths. They committed misconduct here as well. They actually did what they convicted me of, they manipulated the clients net worth. Because these few clients were willing to cooperate with FINRA and testify against me, FINRA just lied and manipulated their net worth. Carol Neagotte admitted and acknowledged under oath at the trail that her net worth was around \$3 Million. She agreed that I had listed that correctly on the paperwork. She testified that I would call her the millionaire lady next door, and her and I would laugh about that. FINRA knew that she had more assets. But they lied and concealed them. They said in their filing/ accusation against me, that the REIT represented 12% of her net worth. That is not true, the REIT represented only 2% of her net worth.

Jack and Wendy Den have multi million dollar net worth. Jack Den, in a recorded conversation told me that he had purchased other REITs from another broker, different broker dealer. Even FINRA could not so blatantly get him to lie under oath like that so they actually strategically did not have him specifically not testify. They had only Wendy Den testify. They concocted a lie excuse that he was working and could not testify because of work. Absolutely a lie. The trial ended 3 and half days earlier than scheduled. If FINRA wanted him to testify, they would have

found the time and scheduled him without question. FINRA said in their accusation that they convicted me of that Wendy and Jack Den's net worth was \$500K and that the REIT purchase represented 11% of their net worth. Their actual net worth is at least \$2 million. That would be an extremely conservative estimate. At the very conservative \$2 million net worth, this REIT purchase would represent no more than 2.5% of their net worth. If FINRA had been fair and truthful and just added/ included Jack Den's other REIT purchases, they would have been under the 10% threshold, even with FINRA's grossly manipulated net worth figures. Both are blatant lies, Their net worths are substantially higher, FINRA concealed assets to fit their narrative because those specific clients were cooperating with FINRA and willing to testify against me. FINRA actually did, manipulate the net worth, that they convicted me of. A few former clients took FINRA's bait and cooperated with them against me. Out of 100's of clients of mine over the years they finally got 4 of them to cooperate and testify against me.

One is the son of a deceased client that is a police officer. He lied repeatedly under oath. I brought this up in the trial. His mother had disinherited him. When she was of sound mind and making all of her financial decisions on her own, she had listed her other son who had special needs as sole beneficiary. But when the police officer son found out about that, he took over all of her financial affairs, he made himself sole beneficiary and disinherited his special needs brother. I tried to point and prove all this in the hearing/ trial by showing that when she originally set up the annuities 15 and 20 years ago, she had listed the special needs son as sole beneficiary. But when the police officer son gained power of attorney over his mother he changed everything to make himself sole beneficiary. In the trial/ hearing he testified repeatedly how much his mother loved me. His words. Repeatedly. I loved her. I looked out for her. We were burning through tremendous amounts of capital to pay for her care. I tried hard for them. I did well for them. I grew her capital and made it last. I did my best for that family. I loved Janet Ruzek.

FINRA got Wendy and Jack Den to testify against me. Wendy Den also lied under oath for FINRA against me. Jack Den had told me that he had bought other REIT's from other brokers/ broker dealers. FINRA knew about those REIT purchases. They deliberately and intentionally excluded those assets in the next worth calculations of Dens. Had they included those REIT's, and other assets, the REIT's I had sold them a nominal amount \$45,000, would have been completely appropriate. This couple are multi millionaires. They own a very successful lighting business that Wendy Den inherited from her father. But because they were willing to cooperate with FINRA and testify against me, FINRA twisted and manipulated everything of their fiancés. They ignored many of their assets because they did not fit into their interests, they ignored/ excluded and concealed many of Wendy and Jack Dens assets because it would hurt their case/ objective. But what about the truth? What about my rights? It was so bad, as if concealing major and significant assets were not bad enough, FINRA could not get around the issue that Jack Den had bought other REIT's from another broker different broker dealer. They could not have him testify. They knew I would bring that up at the trial/ hearing. They knew I would attack and expose that. So they did not have Jack Den testify at the hearing. They had only Wendy Den testify. I or my attorney asked why Jack Den was not testify, Wendy Den came up with a cockamamie excuse that because of Covid 19 they both could not be away from the business at the same time. What a poor excuse. Obviously we would have scheduled them to testify on

different days, different times to accommodate them. But the truth is that FINRA could not ask Jack Den to so blatantly lie about the other REIT purchases.

Jackie Ochoa pains me. Of all the clients that testified against me, her situation pains me the most. She got cancer, her life situations changed. I reached out to her. I cared for her. I wanted to help her and her family. Things turned out wrong and I got overwhelmed.

She had told me that this particular asset of hers, she wanted that asset segregated. Her own and exact words to me were "Mike, put this money away. I NEVER want to touch this money. This money is for my twin daughters." Jackie Ochoa has 4 children. The 2 younger sons and the 2 older twin daughters. One of the younger sons is special needs. She knew that the younger sons would be provided for. Their father Jose Reyes also works for the DWP. But Jackie Ochoa was more concerned about her daughters.

She would regularly worry and tell me that they "have nothing." I make this point here because I tried to bring this issue up during the hearing/trial. Jackie Ochoa wanted an income producing long term investment for the benefit of her daughters at the time we made the investment. I tried, unsuccessfully to introduce who she had listed as beneficiary for that specific account, those specific assets of hers. This is extremely relevant. She had not listed all 4 of her children. She had excluded her special needs son from that asset. She had specifically only listed her 2 older daughters from a different relationship, different father. I had all of this documented with scrupulous notes and records, including a recording that I wanted to introduce into the FINRA hearing/ trial but was not allowed to. All of that material and relevant information was suppressed by FINRA.

Now I want to get into a separate issue regarding Mrs. Ochoa that is relevant and material all the DWP clients. Her pension plan. Mrs. Ochoa has a million dollar pension plan/ policy. Her ex husband also has a million dollar pension plan/ million dollar pension policy. Her new husband (also has a million dollar pension plan policy). However inconvenient and problematic it is for FINRA, when you calculate Jackie Ochoa's assets, when you include her properties, liquid assets, long term investments and her pension plan, not even even including the former husband or the current husband's assets or pension plan, the REIT investment is under the 10% threshold FINRA accused and convicted me of. She specifically wanted a long term income producing investment for the benefit of her daughters. She used the income from the investment over the years. Yes later her circumstances changed. But at the time, the REIT investment was suitable and appropriate for her.

Robert Correa lied. His investment was for \$100,000. His net worth is at least \$2.5 million. Not including his million dollar pension plan and DWP deferred compensation plans. He has a beach front, renovated rental investment property in one of the most expensive and sought after areas of Southern California. He has a million dollar pension plan. He lied under oath. He lied about why and when he retired. He said that he had to delay his retirement because of this investment. He testified under oath that this investment caused him hardship. Not true. At the time of the investment, he had worked for the DWP for about 15 years. There are retirement provisions such as full lifetime medical insurance and a fully vested pension plan from the DWP that trigger only after 20 years of service.



Robert Correa worked for 20 years at the Dwp to obtain and secure that. Had absolutely nothing to do with me or this investment.

Carol Nageotte told the truth. She did not lie. I do not even know why they called her to testify. FINRA just need people, anyone that was willing to cooperate and testify. Carol Nageotte's net worth was easily \$3 million at the time. Not including her million dollar pension income. Her investment in the REIT was I believe for \$65,000. She had liquid investments at the time of \$800,000.

She had 3 separate investment properties in Los Angeles, Henderson Nevada and in Hawaii. She would rotate through each of her properties during certain times during the year to avoid state income taxes on her million dollar pension income.

Regarding Mr Bret Evans, he worked so hard to prepare for this trial. But during the trial, he was not allowed to enter and present all of legal work. The Chairman blocked him several times. To the extent that Mr Evans could not ethically continue. He was forced to withdraw in the middle of the trial/hearing. I have not heard of something like this before. How was that a fair trial? This is my livelihood they are taking away here. They ruined my career and reputation, and did not even give me a fair trial/ hearing.

There is another issue I want to address and discuss. Let's say hypothetically speaking, each of these clients had a \$10 million dollar net worth. None of the trades/ transactions were for \$1 million individually or collectively/ total. The net worth of each of the clients was correct. On all the paperwork, on the documentation, when you factor in the value of the DWP pensions, the next worth figures are actually correct. This fact works against FINRA's interest, so they are ignoring and excluding these particular clients biggest asset. Well I'm sorry but this is not right or fair. They are right. Many many other brokers at western, specifically in the Westlake Village office under Doug Weisner were indeed inflating those net worth figures, but not me. I did it right. Because of my unique and unusually highly compensated DWP clients and their million dollar pension plans, I actually did the net worth calculations correctly. FINRA tried and convicted me of otherwise. Let's say someone stole \$10,000. It does not matter if that person stole \$10,000 from somebody that has only \$10,000 or a million dollars. It is the same crime. But the heart of the issue regarding FINRA's allegations and conviction against me is these clients net worth. If the net worth figures I listed are correct, and they are correct when you factor in the million dollar pensions.

I actually did not do what FINRA convinced me of. Without question, because of all that I was going through, I gave a terrible OTR, FINRA took that and ran with it. But what about the actual facts? FINRA ignored, concealed and manipulated the actual facts and convicted me for being "a bad broker" Jessica Zetwick-Skryzhynskyy, told my former attorney Robert Cornish Jr several times that Mike Patatian is a "bad broker" and that they/FINRA was going to get me one way or another. They certainly did. FINRA proceeded to prosecute and convict me for giving a bad OTR, without representation because they have put so much time and resources over all these years. Even as they knew all along the actual facts were against them, they plowed forward

and did this to me and my family. I sold FINRA approved, registered, appropriate and suitable products to wealthy DWP executives, who understood the risks the risks and illiquidity of the products were clearly and explicitly explained to them. The clients individually signed a dozen or more different disclosure documents attesting to that. Then my OSJ also signed off on the investment transaction. Then Westerns compliance department also signed off on the transaction. I never sold away. I never went behind anyone's back. I did exactly as Western, Doug Weisner instructed me to do.

In his testimony, the Chief Compliance Officer at Western, Brad Keiser, testified that I did not break any Western rules, I was fully compliant. I was in good standing with western throughout. I was their mule. They had me do their dirty work for them. They used and abused me, then threw me under the bus and made me the scapegoat. FINRA happily took that and ran with it. Here I am now.

Please see my Exhibit A.

All along I have maintained that I actually did the suitability for my clients correctly. Almost all the other brokers at Western did not. We were instructed and trained by Western management to inflate so that we can sell them more ARC REITs.

I did not do that. I have a unique clientele that were DWP active employees or retirees. They work or worked for the largest municipality in the world. They had the most generous compensation packages of any municipality in the country. I used the value of their differed compensation pension plans in the clients net worth calculations. I believe it was completely appropriate to include that because for most of them it is up to \$2 million dollars. This was inconvenient for FINRA against me, so FINRA just chose to ignore that tremendous asset completely. Obviously if it was to their advantage, they would have certainly and absolutely used it, but since it was not, they dismissed and ignored those assets completely.