

JOHN DAVENPORT, ESQ.

I started my practice back in 1997 and have built it into a very successful one with over \$250M in assets under management. For the last 10 years, my practice has generated in excess of \$1.5M in business revenue per year.

Most recently, I have had a few personal issues that I am required to report on my FINRA U-4 report. As recently as 2019, my license was suspended for 2-months, and I was forced to pay a fine of \$20,000 to FINRA (our governing body) because of some administrative issues. I failed to supervise my associate, who was using his personal email for business purposes which simply cannot be done. I also failed to follow proper procedure in sharing a commission with a broker from another broker-dealer. I was unfamiliar with the procedure, but again ignorance is no excuse. Finally, I failed to get our "client narrative" statements that we give our clients on their accounts approved by FINRA. I was simply reporting the values of accounts to our clients without any rate of return calculations, but FINRA didn't like that. I needed proper disclosure wording and I needed to attach statements from the various third parties showing the values listed on the client narrative. For these three mistakes, I was suspended two months and paid a fine of \$20,000.

I also show a pending complaint from a client back in 2018. This was actually the sister of one of my best clients who asked me as a personal favor to visit with his sister and help her with her cash flow problem. As a favor to him I did so and showed her how she could help her cash flow tremendously by using her pre-tax assets more effectively than she had been doing. Her estate attorney didn't agree with my recommendations, and without ever asking me my reasons for those recommendations, rescinded the contracts and filed a complaint. Any registered complaint, whether with or without merit, must be reported on a broker's FINRA U-4 report. In this case, the compliance department at my broker-dealer and their attorneys thought that my recommendation was sound and suitable and that I acted in the best interest of my client, which I always do. Although they could have settled the matter, the attorneys for my broker-dealer recommended we fight this and feel extremely confident that our side will prevail. So much for doing a favor for one of my best clients. By the way, my client who asked me for the favor feels awful and has offered to testify on my behalf at any formal hearing. This matter was finally settled in 2021 for the charges associated with surrendering the two contracts. We had offered to refund the surrender charges originally so that the client would walk away with a profit but the client turned it down. As a requirement of refunding the surrender charges, it was agreed that I was at no fault in this matter and that my recommendations were sound and in the best interest of the client. Other than this matter, I have not had a complaint since 2012, and that was dismissed. Given the amount of business I do every year, that's an excellent track record, and I stand behind it. I am also an attorney in good standing in both NY & CT.

As to the bankruptcy filing in 2017, that was a Chapter 7 business filing relative to another firm two gentlemen and I founded out in California called Ardent Retirement Planning. When one of my partners and I found out that our third partner was entering into agreements/leases without our knowledge, my personal attorney thought it best to block all liability by making this filing.

Finally, as for the two tax liens, this problem dates back many years, and my attorney has been fighting this matter for quite some time. As of November 24, 2020, my attorney and I finally reached a settlement with the IRS on this matter. I have agreed to a payment arrangement, but the total amount owed ended up being significantly less than the original lien amounts quoted on my U-4.

Most recently, myself and two members of my staff were accused of violating Connecticut General Statutes specifically that we made calls to Prudential's customer service department purporting to be two of my long standing clients. Myself and my staff members did call Prudential purporting to be two of my clients; however, both these clients have been valued clients for many years, and when they received a call from Prudential regarding this conduct, they weren't pleased but understood that we were acting in their best interest in an effort not to bother them any more than necessary. The inquiries that were made by myself and my staff were informational only and did not involve any withdrawals and/or other prohibited transactions. As I discussed with Prudential at length, this does not condone the behavior and I assured Prudential that such behavior would never happen again and to date there have been no other violations. I am a successful wealth planner with zealously for my clients and my clients know that and respect that.

They understood the nature of my calls and that my intent was good but asked that I take the time to call them in the future and conference them in with Prudential to obtain any information. I assured both these valued clients that I would do so and they were both pleased with that. As I said, these are not new clients but rather older clients who are extremely satisfied with the quality of work my firm has provided for them and their family. I respectfully ask that you see my actions in light of my intent to do the best possible job for my clients. I love the quality of work I do for my clients and the qualitative difference we make in their lives and those of their family members. This matter was settled with the CT Insurance Department. I was fined \$10,000 and placed on probation for one year.

I am being as frank as I can as I have nothing to hide. These are personal matters that, unlike any other industry, we as brokers are forced to disclose. The IMPORTANT thing that I point out to new clients who ask me about this as part of their due diligence is that these are not CLIENT-related issues but rather personal and administrative issues. I am proud of the work we do for our clients at Davenport & Associates and the fact that we are constantly told how much of a qualitative difference we make in our client's lives. I take great pride in that, and as I said, these items, although important to explain, rarely change a client's mind in working with myself or my firm. Of course, in this case, I hope the result will be the same. If not, I will completely understand but I assure you that you will be losing a valuable resource for yourselves and your family.