

( [PRLEAP.COM](http://PRLEAP.COM) ) April 11, 2014 - St. Petersburg, FL - Rex Securities Law filed an arbitration (FINRA Case #14-01133) with the Financial Industry Regulatory Authority (FINRA) against VSR Financial Services on behalf of a retired couple from St. Petersburg, FL, who are seeking damages of \$475,000. The couple, who had very little investment experience, received an inheritance and opened an account with VSR Financial that, upon the advice of VSR's agent, was invested various non-conventional alternative investments, including the following: ArciTerra REIT Bradford Drilling Assoc 23 Cypress Equipment Fund 13 Cypress Income Fund III 8.25% Note Florida Capital Real Estate Partners 27, Ltd. Mewbourne Energy Partners 07-A LP NetREIT Common Odyssey Operating Partnership II Odyssey Properties III Inc. United Development Funding III Waveland Drilling Partners 2007-A LP Waveland Vanguard Partners LLC Waveland Vestara-Class B The claim alleges that the investments, which were sold to them by former VSR Financial broker John H. Towers, were unsuitable for them and were negligently misrepresented. It also alleges that VSR Financial breached its fiduciary duty and was negligent in the supervision of its brokers.

According to FINRA records, John H. Towers was suspended by FINRA in January 2014 in connection with the sale of private placements and real estate investment trusts to a couple that did not authorize such high risk investments.

In May 2013, in FINRA case No. 2010022963602, VSR Financial Services was sanctioned and fined \$550,000 by FINRA for failures in the supervisory systems within the company in connection with the sale of non-conventional investments to investors. VSR's co-founder and CEO Donald, was also named in the enforcement action, was suspended and fined as well. FINRA made numerous findings criticizing the supervisory system failures at VSR, including the following:

"From on or about July 28, 2005, through on or about August 19, 2010, VSR and its co-founder Donald Beary failed to adequately implement the Firm's supervisory system pertaining to its supervision of concentrated positions in alternative investments through the use of a "discount program" that artificially reduced the amount a customer had invested in a particular investment for purposes of calculating concentration. In addition, when calculating concentration at certain risk levels, VSR reduced the risk ratings on many investments making the ratings inconsistent with the risks stated in offering documents related to the investments. VSR also failed to supervise from January 1, 2006 through January 1, 2012, the use of consolidated reports by its registered representatives, resulting in inaccurate statements being sent to customers."

The entire FINRA Letter of Acceptance Waiver and Consent can be accessed below.

Written by Australian Business

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We represent investors nationwide.