[redacted]

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068655902

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: American Trust Investment Services, Inc. (Respondent)
Member Firm
CRD No. 3001

Pursuant to FINRA Rule 9216, Respondent American Trust Investment Services, Inc. submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

American Trust has been a FINRA member since 1957 and is headquartered in Whiting, Indiana. The firm has approximately 60 registered representatives and 12 branch locations. The firm conducts a general securities business and derives its revenues primarily from sales of private placement offerings.[1]

OVERVIEW

American Trust has failed to reasonably supervise several areas since at least June 2020. From July 2020 to April 2021, the firm violated FINRA Rules 3110 and 2010 by failing to reasonably supervise sales of GWG L Bonds for compliance with Regulation Best Interest (Reg BI) and FINRA Rule 2111. In addition, since June 30, 2020, the firm also has failed to establish policies and procedures, and a supervisory system, reasonably designed to achieve compliance with Reg BI, thus willfully violating Securities Exchange Act Rule 15*l*-1(a)(1), and violating FINRA Rules 3110 and 2010. Further, from June 2020 to at least June 2021, the firm violated FINRA Rules 3110 and 2010 by failing to reasonably supervise for compliance with Securities Act of 1933 rules prohibiting general solicitation of private placement offerings.

[1] For more information about the firm, including prior regulatory events, visit BrokerCheck® at www finra.org/brokercheck.

For these and other violations, the firm is censured, fined $100,000, ordered to pay restitution of $166,000, and agrees to an undertaking to retain an independent consultant.

FACTS AND VIOLATIVE CONDUCT

This AWC resolves several matters that originated from various sources, including a regulatory tip made to FINRA, an examination by FINRA of various firms' sales of GWG L Bonds, and two FINRA firm examinations of American Trust.

A. American Trust failed to reasonably supervise sales of GWG L Bonds for compliance with Reg BI and FINRA Rule 2111.

1. American Trust's obligation to supervise investment recommendations made by its registered representatives.

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15*l*-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Care Obligation, set forth at Exchange Act Rule 15*l*-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation. Regulation BI defines a "retail customer investment profile" to include, but not be limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.

Reg BI's Adopting Release provides that what constitutes "reasonable diligence" depends on, among other things, the complexity of, and risks associated with, the recommended

security.[2] The Adopting Release further provides that what is in the best interest of a retail customer depends on the facts and circumstances of the recommendation, including "matching" the recommended security to the retail customer's investment profile. Where the "match" between the retail customer profile and the recommendation appears less reasonable, it is more important for the associated person to establish that he or she had a reasonable belief that the recommendation was in the best interest of the retail customer.[3]

Prior to June 30, 2020, FINRA Rule 2111 required members and associated persons to have a reasonable basis to believe that a recommendation of a transaction or investment strategy involving a security or securities to any customer is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile. FINRA Rule 2111 is still in effect, but as of June 30, 2020, it no longer applies to recommendations that are subject to Reg BI.[4] FINRA Rule 2111 defines a customer's investment profile to include the same information as under the Care Obligation.

An investment may not be in the best interest of, or suitable for, a customer if it creates a risk of loss inconsistent with the customer's investment profile, which would be exacerbated by a high concentration in a particular security or category of securities.

A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

2. GWG L Bonds were speculative, risky, and illiquid alternative investments.

GWG Holdings, Inc. is a publicly-traded financial services company. Prior to 2018, GWG purchased life insurance policies through its subsidiaries on the secondary market. GWG continued to pay the premiums for each policy that it purchased and collected the policy benefits upon the insured's death. Following a series of transactions in 2018 and 2019 with Beneficient Company Group, L.P., GWG reoriented its business, stopped acquiring life insurance policies, and focused instead on developing a business model of providing liquidity to holders of illiquid investments and alternative assets.

GWG had a history of net losses and had not generated sufficient operating and investing cash flows to fund its operations. To finance its operations, GWG offered corporate bonds (known as L Bonds) to investors with varying maturity periods and interest rates. L Bonds were not directly secured by GWG's life insurance portfolio and were not rated by any bond rating agency.

[2] *Regulation Best Interest: The Broker-Dealer Standard of Conduct*, Exchange Act Release No. 86031, 84 FR 33318 at 33376 (July 12, 2019).

[3] Adopting Release at 33382.

[4] As of June 30, 2020, FINRA Rule 2111 continues to apply to non-retail customers who are not subject to Reg BI.

The GWG L Bonds that American Trust's registered representatives recommended were alternative investment products. Alternative investments are products that often have complex terms and features that are not easily understood. Although alternative investments may be offered to investors in an attempt to increase investors' potential return on investments, alternative investments correspondingly may involve greater degrees of risk. Alternative investments may, for example, have less market liquidity and less transparency regarding their pricing and value.

GWG sold L Bonds to investors in four separate offerings and made those sales through a network of broker-dealers, including American Trust, which entered into agreements with GWG to sell L Bonds in July 2016 and January 2019, respectively. The offering documents for the fourth L Bond offerings, which commenced in June 2020, stated that the bonds could be considered speculative, involved a high degree of risk, were illiquid, and were only suitable for persons with substantial financial resources and with no need for liquidity.

In January 2022, after American Trust customers made investments in the L Bonds, GWG defaulted on its obligations to L Bond investors and suspended further sales of L Bonds. In April 2022, GWG filed for bankruptcy.

3. American Trust failed to reasonably supervise registered representatives' recommendations to purchase GWG L Bonds.

Between July 2020 and April 2021, three of the firm's representatives recommended purchases of GWG L Bonds to eight customers that were not in the best interest of the retail customers or suitable for the non-retail customers. The customers included, among others, two seniors, two retirees, and a non-profit entity that invested through a financial committee.[5] All eight customers had moderate or moderately aggressive risk tolerances and investment objectives that did not include speculation, and limited or no experience with alternative investments. Nonetheless, the representatives recommended that the customers purchase L Bonds—a high-risk, speculative, and illiquid alternative investment product. As a result of these recommendations, between approximately 14% and 72% of the customers' liquid net worth was invested in alternative investments, whether in GWG L Bonds alone or in combination with other alternative investments.

During this period, American Trust failed to reasonably supervise registered representatives' recommendations to customers to purchase GWG L Bonds. The firm did not have a reasonable process for assessing whether the representatives were developing and making recommendations to retail customers in compliance with the Care Obligation or to non-retail customers in compliance with suitability obligations. For example, the firm did not have a reasonable process to determine whether the representatives exercised reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with L Bonds, or had a reasonable basis to believe that investing in L Bonds

[5] The non-profit entity is not a retail customer subject to Reg BI and, therefore, FINRA Rule 2111 applied to the recommendations made to this customer.

was in the best interest of a given retail customer, in light of that customer's investment profile, the high degree of risk associated with the L Bonds, and the high concentration levels of these and similar securities. Moreover, the firm did not have a reasonable process to discover and assess recommendations that appeared inconsistent with customers' investment profiles.

Therefore, American Trust violated FINRA Rules 3110(a) and 2010.

B. American Trust failed to establish and maintain written policies and procedures, and a supervisory system, reasonably designed to achieve compliance with Regulation Best Interest.

Reg BI's Compliance Obligation, set forth at Exchange Act Rule 15*l*-1(a)(2)(iv), requires broker-dealers to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI, including the Care Obligation. The Adopting Release provides that broker-dealers should consider the nature of that firm's operations and how to design such policies and procedures to prevent violations from occurring, detect violations that have occurred, and to correct promptly any violations that have occurred.[6] A violation of Reg BI also is a violation of FINRA Rule 2010.

Since June 30, 2020, American Trust has failed to establish and maintain written policies and procedures reasonably designed to achieve compliance with Reg BI. The firm failed to implement any written policies and procedures relating to Reg BI until June 2022. And since June 2022, the policies and procedures that the firm has implemented have discussed Reg BI only in general terms, without prescribing procedures for complying with Reg BI. For example, the policies and procedures do not describe registered representatives' responsibilities under the Care Obligation or provide any guidance or procedures for how representatives should evaluate costs or reasonably available alternatives when considering whether a recommended security is in a customer's best interest. As a result, American Trust has failed to comply with the Compliance Obligation.

Since June 30, 2020, the firm also has failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Reg BI. Until June 2022, the firm failed to implement a supervisory system, including WSPs, reasonably designed to achieve compliance with Reg BI. And since June 2022, the WSPs have not provided for controls to prevent violations of Reg BI. For example, they do not describe the supervisory steps and reviews that should be undertaken by the principals responsible for supervising compliance with Reg BI. They also do not address whether and how supervisors should escalate for additional review any concerns they may have about individual investment recommendations or patterns of investment recommendations.

[6] Adopting Release at 33397.

Therefore, American Trust willfully violated Exchange Act Rule 15*l*-1(a)(1) and violated FINRA Rules 3110(a) and (b), and 2010.

C. American Trust sold unregistered securities without an applicable exemption and failed to establish, maintain, and enforce a reasonable supervisory system related to the sale of unregistered securities.

1. American Trust sold private placement offerings under Rule 506(b) of Regulation D without having established pre-existing, substantive relationships with the offerees.

Section 5 of the Securities Act prohibits the offer or sale of securities unless either a registration statement is in effect as to such securities or the sales are exempt from registration. Section 4(a)(2) of the Securities Act exempts from registration "transactions by an issuer not involving any public offering." Rule 506(b) of Regulation D provides a safe harbor under Section 4(a)(2) for private offerings of unregistered securities if certain conditions are met. One such condition is that the offering must not involve a general solicitation to market the securities. Rule 502(c) of Regulation D generally sets forth the forms of prohibited general solicitations. Acting in contravention of Section 5 violates FINRA Rule 2010.

The SEC has issued guidance that a broker-dealer, acting on behalf of an issuer, can demonstrate the absence of general solicitation under Rule 502(c) of Regulation D by establishing a pre-existing, substantive relationship with the prospective investors. For example, a broker-dealer can establish a substantive relationship with a prospective investor through a previous investment in securities offered by the issuer or through the broker-dealer. It can also do so through submission and approval of an investor qualification questionnaire that is unrelated to any specific offering and elicits adequate information for the firm to determine the financial circumstances and sophistication of the investor. The substantive relationship must be established prior to the time the broker-dealer began participating in the offering.

Between June 2020 and June 2021, American Trust served as the placement agent in 19 private placement offerings, each of which claimed exemption from registration under Rule 506(b) of Regulation D. In those offerings, the firm sold securities totaling approximately $6 million to 27 customers without having established substantive relationships with them prior to the firm's participation in the offerings. As a result, each of those sales constituted an unregistered distribution of securities without an applicable exemption from registration.

Therefore, American Trust acted in contravention of Section 5 of the Securities Act and violated FINRA Rule 2010.

2. American Trust failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to achieve compliance with Securities Act rules regarding general solicitations.

From June 2020 through at least June 2021, American Trust's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with Securities Act rules related to the sale of private placement offerings made pursuant to Rule 506(b) of Regulation D. The firm's WSPs did not prohibit representatives from engaging in a general solicitation of such offerings; require the firm or its representatives to establish substantive relationships with prospective investors; or provide any guidance on what constituted a pre-existing, substantive relationship. The WSPs also did not address how the firm would monitor and document when the firm established a substantive relationship with a prospective investor and whether the prospective investor had such a relationship at the time it was being solicited for the private placement offering. They also failed to provide any guidance to the firm's supervisors about whether, when, or how to review the activities of representatives to assess whether they were engaging in general solicitations.

In addition, the firm had no system for reviewing whether firm representatives engaged in general solicitations of Rule 506(b) offerings. Furthermore, despite claiming pre-existing, substantive relationships with prospective investors in many instances, the firm had no system for verifying before soliciting whether and how the firm or its representatives had such relationships.

As a result, American Trust violated FINRA Rules 3110(a) and (b), and 2010.

D. American Trust has failed to conduct reasonable background investigations of persons the firm seeks to register with FINRA.

FINRA Rule 3110(e) requires firms to conduct a background investigation of the good character, business reputation, qualifications, and experience of persons the firm seeks to register with FINRA. FINRA Rule 3110(e) also requires firms to establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Uniform Application for Securities Registration (Form U4) no later than 30 calendar days after the form is filed with FINRA. This verification process must, at a minimum, provide for a search of reasonably available public records conducted by the firm or a third-party service provider. In Regulatory Notice 15-05, FINRA reminded firms that public records include criminal records, bankruptcy records, judgments, and liens. Form U4 also requires firms to attest to contacting an applicant's former employers from the last three years.

Since at least June 2020, American Trust has failed to establish, maintain, and enforce a supervisory system, including WSPs, reasonably designed to address background investigations of persons the firm seeks to register with FINRA. Although the firm has designated its hiring committee with responsibility for reviewing potential new registrants, the firm's WSPs do not detail how the committee should evaluate new registrants for good character, business reputation, qualifications, and experience. Nor do

the WSPs establish a process for verifying the accuracy and completeness of the information contained in associated persons' Forms U4, or for ensuring that the firm has contacted associated persons' employers from the last three years.

Therefore, American Trust violated FINRA Rules 3110(a), (b) and (e), and 2010.

E. American Trust has failed to maintain a reasonable supervisory system and WSPs regarding its review of outside business activities.

FINRA Rule 3270 prohibits registered persons from engaging in any outside business activities (OBAs) unless they provide prior written notice to their member firm employer. FINRA Rule 3270, Supplementary Material .01 (Rule 3270.01) further requires that:

> Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered.

Based on its review of these factors, a member firm must determine whether to impose specific conditions or limitations on a registered person's outside business activity, including whether to prohibit the activity altogether. A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of FINRA Rule 3280. For each written notice it receives, a member also must keep and preserve a record of its compliance with these obligations as required under Exchange Act Rule 17a-4(e)(1).

Since at least June 2020, American Trust has failed to establish, maintain, and enforce a system, including WSPs, reasonably designed to achieved compliance with Rule 3270.01. First, the WSPs do not detail the firm's process for reviewing and approving registered persons' OBAs. Second, the firm's review process did not address whether the activity could be viewed by customers or the public as part of the member's business. Third, the firm's supervisory system was not reasonably designed to achieve compliance with the firm's obligation to preserve records of its compliance with Rule 3270.01.

Therefore, American Trust violated FINRA Rules 3110(a) and (b), and 2010.

F. American Trust failed to timely or adequately conduct office of supervisory jurisdiction (OSJ) and branch office inspections in 2021 and 2022.

FINRA Rule 3110(c)(1)(A) requires each member to inspect "at least annually (on a calendar-year basis) every OSJ and any branch office that supervises one or more non-branch locations." Rule 3110(c)(1)(B) provides, in relevant part, that each member "shall

inspect at least every three years every branch office that does not supervise one or more non-branch location."

FINRA Rule 3110(c)(2) provides that an inspection and review by a member pursuant to Rule 3110 (c)(1)(A) and (c)(1)(B) must be reduced to a written report and kept on file for a minimum of three years. If applicable to the location being inspected, the location's written report must include the testing and verification of the member's policies and procedures, including supervisory policies and procedures in the following areas: (i) safeguarding of customer funds and securities; (ii) maintaining books and records; (iii) supervision of supervisory personnel; (iv) transmittal of customer funds or securities to third party accounts, outside entities, locations other than a customer's primary residence and transmittal of funds between customers and registered representatives; and (v) changes of customer account information.

FINRA Rule 3110(c)(3)(B) requires a member to ensure that the person conducting an OSJ or branch inspection is not an associated person assigned to the location or is not directly or indirectly supervised by, or otherwise reporting to, an associated person assigned to the location.

American Trust failed to comply with these OSJ and branch office inspection requirements in 2021 and 2022, even though the SEC notified the firm in November 2020 of deficiencies in its 2018 and 2019 inspections of OSJs and branch offices. First, the firm did not conduct the required annual inspections of two OSJs during the calendar year 2021. Second, the firm failed to include in its written inspection reports—for two OSJs and a branch office in 2021, and for two additional OSJs in 2022—that the firm had tested and verified these locations' policies and procedures regarding the safeguarding of customer funds and securities, supervision of supervisory personnel, transmittal of customer funds and securities, and changes of customer account information. The written inspection reports did not describe what, if anything, the firm reviewed in those areas, how the firm performed those reviews, or how the firm determined that there were no issues or concerns in those areas. Third, one of the OSJ inspections that the firm performed in 2021 was conducted by a person who was assigned to that OSJ.

Therefore, American Trust violated FINRA Rules 3110(c)(1)(A), 3110(c)(1)(B), 3110(c)(2), 3110(c)(3)(B), and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure;
- a $100,000 fine;[7]

[7] Pursuant to the General Principles Applicable to all Sanction Determinations contained in FINRA's *Sanction Guidelines*, FINRA imposed a lower fine in this case after it considered, among other things, American Trust's revenues and financial resources and its agreement to pay restitution.

- restitution of $166,000; and
- an undertaking to retain an independent consultant as described below.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

1. Respondent has undertaken to do the following:

    a. Retain at its own expense and within 60 days of the date of the notice of acceptance of this AWC an independent consultant not unacceptable to FINRA to conduct a comprehensive review of the adequacy of Respondent's supervisory system, policies, procedures, and internal controls relating to:

        (i) Reg BI obligations, including, but not limited to, the Compliance Obligation, and the Care Obligation as related to recommendations to purchase alternative investment products;

        (ii) participation in unregistered offerings;

        (iii) background investigations of persons that Respondent seeks to register with FINRA;

        (iv) review of OBAs; and

        (v) OSJ and branch office inspections.

    b. Ensure that the independent consultant, any firm with which the independent consultant is affiliated or of which he or she is a member, and any person engaged to assist the independent consultant in performance of his or her duties, shall not have provided consulting, legal, auditing, or other professional services to, or had any affiliation with, Respondent during the two years prior to the date of the notice of acceptance of this AWC.

    c. Cooperate with the independent consultant in all respects, including providing the independent consultant with access to Respondent's files, books, records, and personnel, as reasonably requested for the above-mentioned review. Respondent shall require the independent consultant to report to FINRA on its activities as FINRA may request and shall place no restrictions on the independent consultant's communications with FINRA. Further, upon request, Respondent shall make available to FINRA any and all communications between the independent consultant and the Respondent and documents examined by the independent consultant in connection with this review.

d. Refrain from terminating the relationship with the independent consultant without FINRA's written approval. Respondent shall not be in and shall not have an attorney-client relationship with the independent consultant and shall not seek to invoke the attorney-client privilege or other doctrine or privilege to prevent the independent consultant from transmitting any information, reports, or documents to FINRA;

e. Require the independent consultant to submit an initial written report to Respondent and FINRA at the conclusion of the independent consultant's review, which shall be no more than 120 days after the date of the notice of acceptance of this AWC. The initial report shall, at a minimum, (i) evaluate and address the adequacy of Respondent's supervisory system, policies, procedures, and internal controls relating to its Reg BI obligations, participation in unregistered offerings, background investigations of persons it seeks to register with FINRA, review of OBAs , and OSJ and branch office inspections; (ii) provide a description of the review performed and the conclusions reached; and (iii) make recommendations as may be needed regarding how Respondent should modify or supplement its processes, controls, policies, systems, procedures, and training to manage its regulatory and other risks in relation to its Reg BI obligations, participation in unregistered offerings, background investigations of persons it seeks to register with FINRA, review of OBAs, and OSJ and branch office inspections; and

   (i) Within 30 days after delivery of the initial report, Respondent shall adopt and implement the recommendations of the independent consultant or, if Respondent considers a recommendation to be, in whole or in part, unduly burdensome or impractical, propose an alternative procedure to the independent consultant designed to achieve the same objective. Respondent shall submit such proposed alternative procedures in writing simultaneously to the independent consultant and FINRA.

   (ii) Respondent shall require the independent consultant to (A) reasonably evaluate the alternative procedures and determine whether it will achieve the same objective as the independent consultant's original recommendation and (B) provide Respondent and FINRA with a written report reflecting its evaluation and determination within 30 days of submission of any Respondent's proposed alternative procedures. In the event the independent consultant and Respondent are unable to agree, Respondent must abide by the independent consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the independent consultant.

   (iii) Within 30 days after the issuance of the later of the independent consultant's initial report or any written report regarding proposed

alternative procedures, Respondent shall provide the independent consultant and FINRA with a written implementation report, certified by an officer of Respondent, attesting to, containing documentation of, and setting forth the details of Respondent's implementation of the independent consultant's recommendations. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. FINRA may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence.

f. Require the independent consultant to enter into a written agreement that, for the duration of the engagement and for a period of two years from the completion of the engagement, the independent consultant shall not enter into any other employment, consultant, attorney-client, auditing, or other professional relationship with Respondent, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the independent consultant is affiliated or of which it is a member, and any person engaged to assist the independent consultant in the performance of its duties pursuant to this AWC, shall not, without FINRA's prior written consent, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Respondent or any of Respondent's present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

2. Upon written request showing good cause, FINRA may extend any of the procedural dates set forth above.

Restitution is ordered to be paid to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of $166,000.

A registered principal on behalf of Respondent shall submit satisfactory proof of payment of restitution (separately specifying the date and amount of each paid to each Eligible Customer) or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org from a work-related account of the registered principal of Respondent. The email must identify Respondent and the case number and include a copy of the check, money order, or other method of payment. This proof shall be provided by email to EnforcementNotice@FINRA.org no later than 120 days after the date of the notice of acceptance of the AWC.

The restitution amount to be paid to each Eligible Customer shall be treated by the Respondent as the Eligible Customer's property for purposes of state escheatment, unclaimed property, abandoned property, and similar laws. If after reasonable and documented efforts undertaken to effect restitution Respondent is unable to pay all Eligible Customers within 120 days after the date of the notice of acceptance of the

AWC, Respondent shall submit to FINRA in the manner described above a list of the unpaid Eligible Customers and a description of Respondent's plan, not unacceptable to FINRA, to comply with the applicable escheatment, unclaimed property, abandoned property, or similar laws for each such Eligible Customer.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

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

Restitution payments to customers shall be preceded or accompanied by a letter, not unacceptable to FINRA, describing the reason for the payment and the fact that the payment is being made pursuant to a settlement with FINRA and as a term of this AWC.

Respondent understands that this settlement includes a finding that it willfully violated Rule 15*l*-1(a)(1) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes Respondent subject to a statutory disqualification with respect to membership.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

A. To have a complaint issued specifying the allegations against it;

B. To be notified of the complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such

person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and

4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

April 11, 2025
Date

Ian Lippy
American Trust Investment Services, Inc.
Respondent

Print Name: Ian Lippy

Title: Chief Operating Officer

Accepted by FINRA:

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

April 22, 2025
Date

John Sheehan
Senior Counsel
FINRA
Department of Enforcement
100 Pine Street, Suite 1800
San Francisco, CA 94111

Richard March
Senior Counsel
FINRA
Department of Enforcement
55 West Monroe Street, Suite 2600
Chicago, IL 60603

[redacted]

ATTACHMENT A

To Letter of Acceptance, Waiver, And Consent
American Trust Investment Services, Inc., Matter No. 2020068655902

Restitution Payment

Customer	**Restitution**
A	$11,000
B	$15,000
C	$45,000
D	$30,000
E	$15,000
F	$50,000
TOTAL	**$166,000**