

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021071257201**

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

RE: Ally Invest Securities LLC (Respondent)
Member Firm
CRD No. 136131

Pursuant to FINRA Rule 9216, Respondent Ally Invest Securities LLC (Ally) 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

Ally has been a FINRA member since 2005. Ally's principal place of business is in Charlotte, North Carolina and the firm has more than 200 registered representatives and six branch offices.¹ Ally is primarily an online broker-dealer engaging in a general securities business.

OVERVIEW

From September 2016 through November 2022, Ally failed to preserve at least 22.6 million business-related electronic communications, violating Securities Exchange Act of 1934 § 17(a), Exchange Act Rule 17a-4, and FINRA Rules 4511 and 2010. During the same period, Ally's written supervisory procedures were not reasonably designed to ensure review of business-related electronic communications, and the firm failed to timely review at least 521,000 such communications, violating FINRA Rules 3110 and 2010. For these violations, Ally is censured and fined \$850,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of a FINRA Rule 4530 disclosure filed by Ally on April 30, 2021.

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

FINRA Rule 4511 provides that each member “shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.” Under Exchange Act § 17(a) and Exchange Act Rule 17a-4(b)(4), broker-dealers must preserve for at least three years the originals of all communications received, and copies of all communications sent, relating to the broker-dealers’ business.

FINRA Rule 3110(a) requires that a member firm “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)(1) requires that a member firm “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.” FINRA Rule 3110(b)(4) requires member firms to establish, maintain, and enforce written supervisory procedures for reviewing “incoming and outgoing written (including electronic) correspondence and internal communications relating to the member’s ... securities business.”

A violation of Exchange Act § 17(a), Exchange Act Rule 17a-4, and FINRA Rules 4511 and 3110 is also a violation of FINRA Rule 2010, which requires member firms, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From September 2016 through November 2022, Ally failed to preserve approximately 22.6 million electronic communications with customers about trade executions, fund transfers, and other account activity, plus an unknown quantity of internal and external communications about the firm’s securities business from approximately 90 group mailboxes. Ally did not preserve those communications due to separate coding errors and other technical failures in three systems that caused the communications to be lost. For example, Ally captured certain electronic communications by copying them to a dedicated mailbox, but when Ally transitioned to a new records-retention system, the copying feature was deleted, and the communications were no longer captured. As a result of the technical failures, Ally was unable to fully respond to 39 regulatory inquiries from the SEC and FINRA. Therefore, Ally violated § 17(a) and Rule 17a-4 of the Exchange Act and FINRA Rules 4511 and 2010.

During the same period, Ally failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, that were reasonably designed to achieve compliance with the firm’s obligation to review business-related electronic communications to and from approximately 120 group mailboxes and a software platform used for customer service communications. Ally’s procedures did not require the group mailboxes and all user accounts of the customer-service software to be connected to the firm’s system for selecting communications for review, nor did the firm’s procedures describe how to verify that the mailboxes and user accounts were connected to the review system. As a result, Ally failed to timely perform any

supervisory review of approximately 521,000 business-related electronic communications from approximately 30 of the group mailboxes and the software platform, plus an unknown quantity of communications from approximately 90 of the group mailboxes. FINRA previously warned Ally about another failure to review business-related electronic communications. By failing to implement a reasonable system, including written procedures, for supervising business-related electronic communications, Ally violated FINRA Rules 3110 and 2010.

CREDIT FOR EXTRAORDINARY COOPERATION

In resolving this matter, FINRA has recognized Ally's extraordinary cooperation. Ally identified and self-reported each of the issues identified in this AWC before detection by FINRA or any other regulator. Ally promptly corrected each of the systems failures that caused the issues. Ally also voluntarily took steps, both on its own and by using external resources, to evaluate its recordkeeping procedures and systems broadly for the purpose of identifying other recordkeeping issues. Finally, Ally substantially assisted FINRA's investigation by proactively identifying the cause, scope, and impact of each issue and by providing detailed factual summaries.

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

- a censure and
- a \$850,000 fine.

Respondent agrees to pay the monetary sanction 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.

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 sanction imposed in this matter.

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.


September 30, 2025
Date

Frank G. Lietke
Ally Invest Securities LLC
Respondent

Print Name: Frank G. Lietke

Title: President - AIS

Reviewed by:


John Lukanski
Counsel for Respondent
Greenberg Traurig, LLP
500 Campus Drive, Suite 400
Florham Park, NJ 07932-0677

Accepted by FINRA:

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

October 8, 2025

Date

Jasmine L. Abraham

Jasmine L. Abraham
Principal Counsel
FINRA
Department of Enforcement
9509 Key West Avenue
Rockville, MD 20850