

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2024080211301**

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

RE: Alexander Investment Services Co. (Respondent)
Member Firm
CRD No. 1037

Pursuant to FINRA Rule 9216, Respondent Alexander Investment Services Co. 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

Alexander Investment Services has been a FINRA member since 1965. It is headquartered in Louisville, Kentucky. It has 13 registered representatives and two branch offices. The firm provides investment and retirement planning services.¹

OVERVIEW

From June 30, 2020, until the present, Alexander Investment Services has failed to establish and maintain written policies and procedures, and a supervisory system, reasonably designed to achieve compliance with Securities Exchange Act of 1934 Rule 15c-1 (Regulation Best Interest or Reg BI), in violation of Exchange Act Rule 15c-1(a)(1) and FINRA Rules 3110 and 2010. For these violations, the firm is censured, fined \$25,000, and agrees to an undertaking to certify that it has remediated the issues identified in this AWC and implemented a supervisory system and written policies and procedures are reasonably designed to achieve compliance with Reg BI.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA firm examination of Alexander Investment Services.

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 15c-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 Compliance Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(iv), requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI. Reg BI's 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.²

Additionally, Reg BI's Conflict of Interest Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(iii), requires broker-dealers to establish, maintain, and enforce written policies and procedures addressing conflicts of interest, defined as interests that might incline a broker-dealer or an associated person—consciously or unconsciously—to make a recommendation that is not disinterested. Such procedures must be, among other things, reasonably designed to identify, and, at a minimum, disclose all conflicts of interests associated with such recommendations.

FINRA Rule 3110 requires member firms to establish, maintain, and enforce a supervisory system, including written procedures, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws, regulations, and FINRA rules.

Violations of Reg BI or FINRA Rule 3110 also are violations 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.

Since June 30, 2020, Alexander Investment Services has recommended securities to retail customers. However, from June 30, 2020, until the present, Alexander Investment Services has failed to establish and maintain written policies and procedures reasonably designed to achieve compliance with Reg BI. The firm's written policies and procedures referred to an associated person's obligation to act in a customer's best interest, but contained no provisions specifically relating to the obligations set forth in Reg BI. On

² *Regulation Best Interest: The Broker-Dealer Standard of Conduct*, Exchange Act Release No. 86031, 84 FR 33318 at 33397 (July 12, 2019).

March 11, 2024, the firm updated its policies and procedures, which remain in effect, but they discuss Reg BI only in general terms, without addressing conflicts of interest or Reg BI's specific requirements for acting in the best interest of retail customers.³ Additionally, the firm's written supervisory procedures do not designate the principal responsible for Reg BI compliance or detail the supervisory steps and reviews that should be undertaken by that principal—including the frequency of those reviews or how such reviews should be conducted or evidenced.

By failing to comply with the Compliance Obligation and the Conflict of Interest Obligation, Alexander Investment Services violated Exchange Act Rule 15c-1(a)(1) and FINRA Rules 3110 and 2010.

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

- a censure;
- a \$25,000 fine; and
- an undertaking that, within 90 days of the date of the notice of acceptance of this AWC, a member of Respondent's senior management who is a registered principal of the firm shall certify in writing that, as of the date of the certification, the firm has remediated the issues identified in this AWC and implemented a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Regulation Best Interest regarding the issues identified in this AWC. The certification shall include a narrative description and supporting exhibits sufficient to demonstrate Respondent's remediation and implementation. FINRA staff may request further evidence of Respondent's remediation and implementation, and Respondent agrees to provide such evidence. Respondent shall submit the certification to John Sheehan, Senior Counsel, FINRA Department of Enforcement, 100 Pine Street, Suite 1800, San Francisco, CA 94111, with a copy to john.sheehan@finra.org, and with a copy to EnforcementNotice@finra.org. Upon written request showing good cause, FINRA staff may extend this deadline.

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.

³ Reg BI's Care Obligation, set forth at Exchange Act Rule 15c-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 each recommended transaction or series of transactions made is in the best interest of the retail customer.

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.

10-8-25
Date


Alexander Investment Services Co.
Respondent

Print Name: LEO A. HANLEY

Title: PRESIDENT

Accepted by FINRA:

October 20, 2025
Date

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



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