FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077036901

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

RE: IFP Securities, LLC (Respondent)
Member Firm
CRD No. 297287

Pursuant to FINRA Rule 9216, Respondent IFP Securities, LLC 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

IFP Securities has been a FINRA member since February 2019. The firm has approximately 290 registered representatives and approximately 140 branches, including its headquarters in Tampa, Florida. The firm engages in a general securities business.[1]

OVERVIEW

From November 2022 through November 2025, IFP failed to reasonably supervise recommendations of Class A mutual funds and Unit Investment Trusts. The firm relied on an automated surveillance system to identify transactions for review. However, throughout the period, the firm's automated surveillance system failed to generate alerts and the firm had no other system in place. Therefore, IFP violated Rule 15*l*-1 of the Securities Exchange Act of 1934 (Reg BI) and FINRA Rules 3110 and 2010 and is censured and fined $100,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's cycle exam of the firm.

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

A. Applicable Law

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 Reg BI. 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 Compliance Obligation, set forth at Exchange Act Rule 15*l*-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 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.

Violations of FINRA Rule 3110 or Reg BI 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.

B. IFP failed to reasonably supervise recommendations in mutual funds and Unit Investment Trusts and failed to maintain and enforce written policies and procedures that were reasonably designed to achieve compliance with Reg BI.

Mutual funds are comprised of several classes of shares, which have different cost structures. Class A mutual fund shares typically collect a front-end sales charge. Most of the front-end sales charge for a Class A mutual fund share is paid to the broker-dealer, which typically passes on a portion of the charge to the representative as a commission. If

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

the amount of Class A shares purchased (or held by the customer) exceeds a certain dollar threshold, customers can purchase at Net Asset Value (NAV), meaning that they will not pay a front-end sales charge in connection with the transaction. However, in these instances, mutual fund companies typically pay the broker-dealer a selling concession, a portion of which the broker-dealer typically passes on to the representative, and the position is subject to a contingent deferred sales charge (CDSC), which the customer must pay if the shares are sold within a certain number of months of the purchase date.

Class A mutual funds are generally in the customer's best interest only as long-term investments and not for short-term trading because an investor usually must hold the Class A share for long enough to recoup the costs associated with the front-end sales charge. Frequent short-term purchases and sales of Class A shares in a customer's account may not be in the customer's best interest because of the transaction costs incurred or the customer's financial situation, investment objectives, and needs. Mutual fund switching occurs when a customer sells mutual fund shares and reinvests the proceeds in another mutual fund, often incurring additional charges and commissions.

Unit Investment Trusts (UITs) offer investors shares or "units" in a fixed portfolio of securities in a one-time public offering. A UIT terminates on a specified maturity date, often after 15 or 24 months. UITs impose a variety of upfront charges. A registered representative who recommends the sale of a customer's UIT before its maturity date (an early UIT redemption) causes the customer to forgo part of the benefit for which the customer paid upfront and raises the possibility that a customer has not held the UIT for a long enough period to recoup the costs associated with the front-end sales charge. Moreover, when a registered representative recommends using the sale proceeds to purchase a new UIT, the customer incurs greater charges than if the customer held the UIT until maturity. Short-term trading of UITs may not be in the customer's best interest because of the product's structure and associated costs.

From November 2022 through November 2025, IFP's WSPs required supervisors to conduct a daily review of mutual fund and UIT transactions for compliance with Reg BI. IFP's system to identify mutual fund and UIT transactions for supervisory review was an automated surveillance system that generated daily alerts. IFP intended the system to generate an alert when mutual funds were sold close in time to a purchase or purchased close in time to a sale. IFP also intended the system to generate an alert when a UIT was sold before maturity or purchased close in time to a sale. As of November 2022, the firm changed vendors for its automated surveillance system. As an unintended consequence of that change, the firm's system did not work properly to generate these alerts. Once IFP became aware that its surveillance system was not working as intended, it worked with its vendor to fix the system. However, the system was not functional until 2025.[3]

During the period while the alerts were not working correctly, the firm did not have an alternative supervisory system in place to review for recommendations of switching and short-term trading in mutual funds and UITs. As a result, IFP failed to review mutual

[3] In June 2025, the firm fixed the UIT alerts. In November 2025, the firm fixed the mutual fund alerts.

fund and UIT transactions to evaluate whether the recommendations were in its customers' best interest. This included transactions where a customer sold a mutual fund and reinvested some or all of the proceeds into another mutual fund or sold a mutual fund a short time after purchase, and transactions where a customer sold a UIT and rolled some or all of the proceeds into another UIT or sold a UIT prior to maturity, including a short time after purchase. As a result, IFP failed to reasonably supervise thousands of mutual fund and UIT transactions that would have generated alerts had the firm's surveillance system been functioning properly. IFP also failed to maintain and enforce written policies and procedures that were reasonably designed to achieve compliance with Reg BI.

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

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

- a censure and
- a $100,000 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.

4/23/26
Date

IFP Securities, LLC
Respondent

Print Name: W. Chris Hamm

Title: President

Reviewed by:

Scott N. Sherman
Counsel for Respondent
Nelson Mullins
Atlantic Station, Suite 1700
201 17th Street NW
Atlanta, GA 30363

Accepted by FINRA:

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

May 7, 2026
Date

Steven W. Peretz
Principal Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281