FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077037801

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

RE: World Investments, LLC (Respondent)
Member Firm
CRD No. 20626

Pursuant to FINRA Rule 9216, Respondent World Investments, 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

World Investments, LLC has been a FINRA member since 1987. The firm operates a general securities business, including the sale of deferred variable annuities and registered index-linked annuities. The firm is headquartered in Lincroft, New Jersey, has 133 active branches, and approximately 337 registered representatives.[1]

OVERVIEW

From at least April 2022 to November 2023, World Investments, LLC failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to comply with Securities Exchange Act of 1934 Rule 15*l*-1 (Reg BI) and supervise recommendations of exchanges of deferred variable annuities. The firm also failed to surveil for inappropriate rates of deferred variable annuity exchanges. Accordingly, the firm violated Exchange Act Rule 15*l*-1(a)(1) and FINRA Rules 2330(c)-(d), 3110(a)-(b), and 2010.

During the same period, the firm failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to supervise recommendations of purchases and exchanges of registered index-linked annuities.

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

Accordingly, the firm violated Exchange Act Rule 15*l*-1(a)(1) and FINRA Rules 3110(a)-(b) and 2010.

For these violations, World Investments is censured and fined $100,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of World Investments.

World Investments failed to reasonably supervise deferred variable annuity exchanges.

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.

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.

Deferred variable annuities are complex, long-term investment products that combine securities and insurance features with tax-deferred growth. They typically offer guaranteed income or death benefits but impose surrender charges and other penalties for early withdrawal. FINRA rules require that firms and their associated persons exercise particular care before recommending the purchase of a deferred variable annuity or an exchange of one deferred variable annuity for another.

FINRA Rule 2330(c) requires that "a registered principal shall review and determine whether he or she approves of the recommended purchase or exchange of [a] deferred variable annuity" and shall approve a transaction "only if he or she has determined that there is a reasonable basis to believe that the transaction would be suitable based on the factors delineated in [FINRA Rule 2330(b)].” For an exchange of one deferred variable annuity for another, the reviewing principal must specifically determine that there is a reasonable basis to believe that the transaction would be suitable based on whether “the customer would incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits (such as death, living, or other contractual benefits), or be subject to increased fees or charges (such as mortality and expense fees, investment advisory fees, or charges for riders and similar product enhancements),” whether “the customer would benefit from product enhancements and improvements” in the replacement product, and whether “the customer has had another deferred variable annuity exchange within the preceding 36 months.” The determinations required under FINRA Rule 2330(c) “shall be documented and signed by the registered principal who reviewed and then approved or rejected the transaction.”

FINRA Rule 2330(d) requires, in addition to the general supervisory requirements of FINRA Rule 3110, that members “establish and maintain specific written supervisory procedures reasonably designed to achieve compliance with the standards set forth in [FINRA Rule 2330].” Members also must “implement surveillance procedures to determine if any of the member’s associated persons have rates of effecting deferred variable annuity exchanges that raise for review whether such rates of exchange evidence conduct inconsistent with the applicable provisions of [FINRA Rule 2330], other applicable FINRA Rules, or the federal securities laws (‘inappropriate exchanges’).”

Violations of Reg BI and FINRA Rules 2330 and 3110 also are violations of FINRA Rule 2010, which requires members to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

Between April 2022 and November 2023, the firm recommended over 150 deferred variable annuity exchanges, most of which customers funded by surrendering an existing deferred variable annuity product. Throughout this period, World Investments failed to establish and maintain a supervisory system and written supervisory procedures (WSPs) reasonably designed to achieve compliance with FINRA Rule 2330 and Reg BI in connection with exchanges of one deferred variable annuity for another. To the contrary, the firm’s supervisory system and WSPs were not reasonably designed to provide to principals information necessary to assess the suitability of deferred variable annuity exchanges or to determine whether such transactions were in the customers’ best interests.

During the relevant period, the firm used a standardized annuity exchange form to collect information about a customer’s existing deferred variable annuity that would be exchanged. The form, however, did not elicit all facts necessary to determine whether an exchange was suitable under FINRA Rule 2330, such as surrender charges, existing mortality and expense fees, charges for riders or other product enhancements, benefits that would be lost through the exchange, and whether the customer had transacted in another deferred variable annuity exchange within the preceding 36 months. Indeed, the firm did not require registered representatives to obtain, consider, or document all of this important information about the customer’s existing product. Registered representatives could, and often did, recommend deferred variable annuity exchanges despite not collecting this information, much less considering it.

In addition, the firm's WSPs did not require registered representatives to provide sufficient information to reviewing principals that would enable them to determine whether there was a reasonable basis to believe that the transactions were suitable and in the customers' best interests. Reviewing principals regularly approved deferred variable annuity exchanges without information about potential surrender charges, the potential loss of existing benefits, and whether the customer had transacted in another deferred variable annuity exchange within the preceding 36 months. Although the firm's WSPs nominally required reviewing principals to consider such information, in practice, reviewing principals routinely failed to seek or consider this critical information.

As a result of these supervisory deficiencies, registered representatives recommended, and principals approved, over 50 deferred variable annuity exchanges without information required to be considered by FINRA Rule 2330 and Reg BI and without any evidence that anyone had attempted to consider that information.

During the same period, World Investments also failed to implement surveillance procedures required by FINRA Rule 2330(d) to surveil for rates of effecting deferred variable annuity exchanges that raise for review whether such rates of exchanges evidence conduct inconsistent with FINRA Rule 2330, other applicable FINRA rules, or the federal securities laws. The firm had no report, alert, or other system or review that surveilled individual representatives' deferred variable annuity exchange rates. Although the firm's WSPs required quarterly reviews of all variable annuity transactions and conducting surveillance to detect for inappropriate rates of exchange, the firm did not conduct any surveillance of deferred variable annuity exchange rates during the relevant period. Instead, for surveillance purposes, the firm relied primarily on the transaction-by-transaction approvals by principals. Those principals, however, neither calculated nor reviewed the aggregate rates of deferred variable annuity exchanges by individual registered representative.

Moreover, the firm's "quarterly" reviews were also unreasonable. First, the firm did not actually conduct those reviews on a quarterly basis, or on any other regular cadence. Second, even when it performed those reviews, the firm assessed deferred variable annuity transactions solely using the firm's annuity blotters. Those reviews, therefore, did not include the deferred variable annuity exchange rate of individual representatives and did not distinguish deferred variable annuity exchanges from other annuity product exchanges.

Additionally, the firm's WSPs failed to provide guidance on: (1) what level of exchange rates or types of patterns required further review and (2) what steps should be taken if the firm detected inappropriate rates or patterns of deferred variable annuity exchanges. As a result, the firm failed to identify at least two registered representatives who, during the relevant period, recommended deferred variable annuity exchanges at exceptionally high rates, exceeding 35%, which should have prompted further investigation.

Therefore, World Investments violated Exchange Act Rule 15*l*-1(a)(1) and FINRA Rules 2330(c)-(d), 3110(a)-(b), and 2010.

World Investments failed to reasonably supervise registered index-linked annuity recommendations.

A registered index-linked annuity (RILA) is a security and a type of annuity that provides returns based on an external index, often featuring both upside limits and downside protection over a specified term. RILAs have complex features and inherent market risk. Between April 2022 and November 2023, the firm recommended over 100 RILA transactions. Many of the firm's RILA recommendations included recommendations that its retail customers sell existing RILAs or other securities (including variable annuities), or non-securities products (including fixed annuities and life insurance products), in order to purchase a new RILA in exchange.

During the relevant period, World Investments' written policies and procedures were not reasonably designed to achieve compliance with Reg BI's Care Obligation as applied to RILA recommendations. The firm had policies and procedures that provided guidance on the best interest standard for recommendations and required supervisory review and approval of each RILA transaction. Nevertheless, the firm's policies and procedures were not reasonably designed or adequately tailored to address the specific risks and costs inherent in RILA purchases and exchanges.

For example, the firm's procedures did not require supervisors to consider sufficient information to evaluate whether recommended RILA purchases and exchanges were in the best interest of retail customers, in light of their investment profiles, and taking into consideration potential surrender charges and the potential loss of existing benefits associated with selling the existing products. The firm's WSPs also did not require supervisors to identify and consider potential red flags in connection with RILA purchases, such as indications that the recommendation was inconsistent with the customer's investment profile. Instead, the firm's WSPs only required supervisors to believe that the firm had informed the customer of the general terms and features of the recommended RILA.

As a result of these deficiencies, throughout the relevant period, supervisors approved recommendations to purchase or exchange RILAs without considering information critical to determining whether the recommendations were in customers' best interests. In fact, in a majority of the firm's RILA recommendations, a supervisor approved the transaction without considering the customer's investment profile, including the customer's net worth, financial needs, investment objectives, knowledge, and experience, investment time horizon, risk tolerance, and other investments, even though the firm collected this information.

In addition, although the firm's WSPs required an annual compliance review of all RILA recommendations, the firm failed to conduct any such review during the relevant period.

Because the firm failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to supervise recommendations of RILA purchases and exchanges, World Investments violated Exchange Act Rule 15*l*-1(a)(1) and FINRA Rules 3110(a)-(b) 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. FINRA's Finance Department will contact Respondent regarding payment. 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 understands and acknowledges that it is permitted to retain an attorney at its expense to review and provide legal advice regarding the AWC before agreeing to the language and signing the AWC; that FINRA does not represent or advise it and Respondent cannot rely on FINRA for legal advice; 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.

05/13/2026
Date

Jonathan E Curley
World Investments, LLC
Respondent

Print Name: Jon Curley

Title: President

Accepted by FINRA:

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

05/18/2026
Date

Christopher Miles
Principal Counsel
FINRA
Department of Enforcement
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