

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023080042101**

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

RE: CUNA Brokerage Services, Inc. (Respondent)
Member Firm
CRD No. 13941

Pursuant to FINRA Rule 9216, Respondent CUNA Brokerage 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

CUNA Brokerage Services has been a member of FINRA since 1983. The firm is headquartered in Waverly, Iowa, and has approximately 200 registered persons in five branch offices.¹

OVERVIEW

In January 2023, CUNA Brokerage Services failed to preserve approximately 14,000 records containing information the firm collected from retail customers when making recommendations to these customers regarding rollovers of their employer-sponsored retirement plans into individual retirement accounts. As a result, CUNA Brokerage Services violated Section 17(a) of the Exchange Act, Exchange Act Rule 17a-4(e)(5), and FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of a disclosure self-reported by CUNA Brokerage Services pursuant to FINRA Rule 4530(b).

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

Section 17(a) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-3 require a broker-dealer to create and keep current certain records relating to its business. Exchange Act Rule 17a-4 specifies the manner and length of time that those records must be maintained. FINRA Rule 4511 provides, in part, 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.” As of June 30, 2020, Exchange Act Rule 17a-3(a)(35) requires broker-dealers to make and keep current a record of all information collected from and provided to retail customers pursuant to Exchange Act Rule 15c-1 (Regulation Best Interest or Regulation BI), as well as the identity of each natural person who is an associated person, if any, responsible for the account. In addition, Exchange Rule 17a-4(e)(5) requires that such records be preserved for at least six years.

Violations of FINRA and SEC recordkeeping rules are also 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.

In January 2023, CUNA Brokerage Services inadvertently deleted approximately 14,000 records that were created by the firm between June 30, 2020, and January 31, 2022 as it transitioned its business from providing services to retail customers. The records contained information collected from retail customers pursuant to Regulation BI, specifically as part of the firm’s recommendations to these customers regarding rollovers of their employer-sponsored retirement plans into individual retirement accounts. The records included information such as whether a potential transfer out of the retirement plan was a forced distribution from the plan, the importance to the customer of protection of retirement assets from creditors or legal judgments, and the importance to the customer of flexibility in distribution options. CUNA Brokerage Services did not preserve all of the collected information in other records maintained by the firm.

Therefore, CUNA Brokerage Services violated Section 17(a) of the Exchange Act, Exchange Act Rule 17a-4(e)(5), and FINRA Rules 4511 and 2010.

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

- a censure and
- a \$30,000 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.

November 4, 2024

Date

Melissa Haberstick

CUNA Brokerage Services, Inc.
Respondent

Melissa Haberstick

Print Name: _____

Title: Chief Compliance Officer

Reviewed by:

Holly Smith

Holly Smith
Counsel for Respondent
Eversheds Sutherland
700 6th St NW,
Washington, DC 20001

Accepted by FINRA:

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

November 18, 2024

Date

Myla Arumugam

Myla G. Arumugam
Principal Counsel
FINRA
Department of Enforcement
581 Main Street
Woodbridge, NJ 07095