

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023079913301**

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

RE: U.S. Bancorp Investments, Inc. (Respondent)
Member Firm
CRD No. 17868

Pursuant to FINRA Rule 9216, Respondent U.S. Bancorp Investments, Inc. (USBI) 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

USBI has been a FINRA member since 1986 and conducts a general securities business. It currently has over 2,350 registered representatives in over 1,620 branch offices. USBI is headquartered in Saint Paul, Minnesota.¹

OVERVIEW

When determining whether to file Suspicious Activity Reports (SARs), USBI incorrectly used a \$25,000 monetary threshold applicable to banks rather than the \$5,000 threshold applicable to broker-dealers and, as a result, did not timely file 42 SARs between April 2020 and August 2023. USBI thus failed to establish and implement policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions in violation of FINRA Rules 3310(a) and 2010. The firm is censured and fined \$500,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from USBI's self-disclosure pursuant to FINRA Rule 4530(b).

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

FINRA Rule 3310 requires broker-dealers to “develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member’s compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq.*) and the implementing regulations promulgated thereunder by the Department of the Treasury.” FINRA Rule 3310(a) further requires that the AML program include “policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. § 5318(g) and the implementing regulations thereunder.” A violation of FINRA Rule 3310 is 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.

Section (a)(2) of 31 C.F.R. § 1023.320, a regulation implementing 31 U.S.C. § 5318(g), requires a broker-dealer, under specified circumstances, to file with the Financial Crimes Enforcement Network “a report of any suspicious transaction relevant to a possible violation of law or regulation” that “involves or aggregates funds or other assets of at least \$5,000.”

USBI applied the incorrect SAR filing threshold.

Broker-dealers and national banks are subject to different SAR reporting requirements. A broker-dealer, such as USBI, is required to report, under specified circumstances, suspicious transactions that meet the \$5,000 threshold described above. By contrast, a national bank is required to report: (i) insider abuse involving any amount; (ii) violations aggregating \$5,000 or more where a suspect can be identified; (iii) violations aggregating \$25,000 or more regardless of potential suspects; and (iv) transactions aggregating to \$5,000 or more that involve potential money laundering or violate the BSA (12 C.F.R. § 21.11(c)). Therefore, for suspicious transactions that do not involve insider abuse, potential money laundering, or BSA violations, and for which there was no substantial basis to identify a suspect responsible for the suspicious activity, national banks are subject to a \$25,000 threshold while broker-dealers are subject to a \$5,000 threshold.

USBI failed to file SARs from April 2020 to August 2023 because it applied the \$25,000 threshold applicable to national banks rather than the \$5,000 threshold applicable to broker-dealers when determining whether to file a SAR where there was no identifiable suspect (and the transaction did not involve insider abuse, potential money laundering, or BSA violations).

USBI’s parent, a bank holding company, employs a centralized, enterprise-wide process for AML compliance and SAR filing that covers its subsidiaries, including USBI and its banking affiliate. Prior to July 2018, the holding company’s enterprise-wide financial crimes compliance group, which investigates suspicious activity and files SARs on behalf of USBI, filed SARs in connection with suspicious transactions regardless of the dollar amount. In July 2018, the process to file certain SARs for USBI transitioned to a fraud SAR filing group within the enterprise and, from at least April 2020 to August 2023, that group applied the \$25,000 threshold applicable to national banks in instances where the suspect was unidentified. Thus, during that period, USBI failed to file a SAR for suspicious activity conducted by unidentified subjects at or above \$5,000 but below

\$25,000. In total, USBI failed to file 42 SARs. The suspicious activity that went unreported included account intrusions, identity theft, and internet scams.

In August 2023, after reviewing a similar FINRA enforcement action against a different firm, USBI identified that it had been applying the \$25,000 threshold to brokerage account activity. USBI promptly took a number of remedial steps and other actions in August and September 2023, including performing a six-year lookback review, retroactively filing the 42 SARs identified in that review, amending its written procedures to clarify the broker-dealer monetary thresholds, additional training of personnel responsible for reporting suspicious transactions about the \$5,000 broker-dealer threshold, and promptly self-reporting to FINRA.

By applying the incorrect SAR filing threshold, USBI failed to establish and implement policies and procedures reasonably designed to detect and cause the reporting of suspicious activity as required under 31 C.F.R. § 1023.320(a)(2). The firm therefore violated FINRA Rules 3310(a) and 2010.

SANCTIONS CONSIDERATIONS

In determining the appropriate sanctions in this matter, FINRA considered, among other factors, that USBI: (i) identified the issue itself by reviewing a disciplinary action against another firm; (ii) initiated, prior to intervention by a regulator, a review of the firm's systems, practices, and procedures with respect to SAR filing; (iii) shared the results of that review with FINRA; (iv) promptly amended its supervisory procedures and enhanced training of relevant personnel; and (v) identified and retroactively filed the 42 SARs approximately two weeks after identifying the issue.

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

- a censure and
- a \$500,000 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.

8/12/2025
Date

Kimberly Ferguson
U.S. Bancorp Investments, Inc.
Respondent

Print Name: Kimberly Ferguson

Title: CEO

Reviewed by:

Ariel Gursky
Ariel Gursky, Esq.
Counsel for Respondent
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178

Accepted by FINRA:

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

08/22/2025
Date

Jeffrey E. Baldwin
Jeffrey E. Baldwin
Senior Counsel
FINRA
Department of Enforcement
1601 Market Street
Suite 2700
Philadelphia, PA 19103

ELECTION OF PAYMENT FORM

Respondent intends to pay the fine set forth in the attached Letter of Acceptance, Waiver, and Consent by the following method (check one):

- ☐ A check for the full amount;
- ☒ Wire transfer for the full amount;
- ☐ Credit card authorization for the full amount;² or
- ☐ The installment payment plan (only if approved by the Department of Enforcement and the Office of Disciplinary Affairs).³

Respectfully submitted,

8/12/2025
Date

Kimberly Ferguson
U.S. Bancorp Investments, Inc.
Respondent

Print Name: Kimberly Ferguson

Title: CEO

² Credit card payment is only available for fines of \$50,000 or less. Only Mastercard, Visa, and American Express are accepted. If this method is chosen, the appropriate forms will be mailed to Respondent by FINRA's Finance Department. Credit card information should not be included on this Election of Payment Form.

³ The installment payment plan is only available for fines of \$5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. Respondent must discuss these requirements with the Department of Enforcement prior to requesting this method of payment. If this method is chosen and approved, the appropriate forms will be mailed to Respondent by FINRA's Finance Department.

