

BrokerCheck Report

ALLSTATE FINANCIAL SERVICES, LLC

CRD# 18272

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Firm Profile	2 - 6
Firm History	7
Firm Operations	8 - 14
Disclosure Events	15



Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

ALLSTATE FINANCIAL SERVICES, LLC

CRD# 18272

SEC# 8-36365

Main Office Location

2920 S 84TH STREET
LINCORN, NE 68506
Regulated by FINRA Kansas City Office

Mailing Address

PO BOX 83271
LINCORN, NE 68501-3271

Business Telephone Number

877-232-2142

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 11/01/1999.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations**This firm is registered with:**

- the SEC
- 1 Self-Regulatory Organization
- 51 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 7 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

**Disclosure Events**

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	3
Arbitration	1



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 11/01/1999.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

ALLSTATE FINANCIAL SERVICES, LLC

Doing business as ALLSTATE FINANCIAL SERVICES, LLC

CRD# 18272

SEC# 8-36365

Main Office Location

2920 S 84TH STREET
LINCOLN, NE 68506

Regulated by FINRA Kansas City Office

Mailing Address

PO BOX 83271
LINCOLN, NE 68501-3271

Business Telephone Number

877-232-2142

Other Names of this Firm

Name	Where is it used
ALLSTATE FINANCIAL SERVICES, LLC D/B/A LSA SECURITIES	PA
ALLSTATE FINANCIAL SERVICES, LLC OF DELAWARE	LA



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	ALLSTATE INSURANCE COMPANY
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	01/2003
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	BOUDREAU, JOHN DOUGLAS 6357880
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER, VICE PRESIDENT AND EXECUTIVE REPRESENTATIVE
Position Start Date	07/2014
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	FONTANA, ANGELA KAY 6503740
Is this a domestic or foreign entity or an individual?	Individual
Position	GENERAL COUNSEL, MANAGER AND SECRETARY
Position Start Date	11/2017



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): MERTEN, JESSE EDWARD
6505498

Is this a domestic or foreign entity or an individual? Individual

Position MANAGER

Position Start Date 04/2015

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): NELSON, MARY KRIS
2464654

Is this a domestic or foreign entity or an individual? Individual

Position PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF INFORMATION OFFICER

Position Start Date 09/2016

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Firm Profile



Direct Owners and Executive Officers (continued)

Legal Name & CRD# (if any): PRIESS, KENNETH PAUL
3204312

Is this a domestic or foreign entity or an individual? Individual

Position FNOP

Position Start Date 07/2014

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): SWEENEY, MICHAEL DANIEL
2026113

Is this a domestic or foreign entity or an individual? Individual

Position AML OFFICER

Position Start Date 10/2021

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	THE ALLSTATE CORPORATION
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	ALLSTATE INSURANCE COMPANY
Relationship to Direct Owner	OWNER
Relationship Established	03/1993
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	Yes

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.



This firm was previously:	LSA SECURITIES, INC.
Date of Succession:	04/01/2000
Predecessor CRD#:	18272
Predecessor SEC#:	8-36365
Description	ALLSTATE FINANCIAL SERVICES, LLC, ASSUMED ALL ASSETS AND LIABILITIES OF LSA SECURITIES IN A MERGER EFFECTIVE 4/1/2000. ALLSTATE FINANCIAL WAS AN AFFILIATE OF LSA SECURITIES CREATED TO PROVIDE A CHANGE IN NAME, CHANGE IN CORPORATE FORM, AND CHANGE IN DOMICILE FOR THE BROKER-DEALER. THEIR WAS NO CHANGE IN CONTROL ASSOCIATED WITH THIS TRANSACTION, AND THE ALLSTATE CORPORATION REMAINS THE THE BENEFICIAL OWNER OF BOTH ENTITIES.



Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 1 SRO and 51 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	09/12/1986

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: No

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: Yes

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	10/02/1986



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	08/02/1991	North Carolina	Approved	04/27/1992
Alaska	Approved	03/09/1998	North Dakota	Approved	03/10/1998
Arizona	Approved	08/29/1994	Ohio	Approved	09/12/1989
Arkansas	Approved	09/04/1998	Oklahoma	Approved	01/10/1992
California	Approved	06/14/2000	Oregon	Approved	10/13/1986
Colorado	Approved	03/03/1994	Pennsylvania	Approved	09/07/1993
Connecticut	Approved	06/19/1995	Rhode Island	Approved	02/10/1998
Delaware	Approved	04/12/1994	South Carolina	Approved	01/29/1996
District of Columbia	Approved	05/03/1998	South Dakota	Approved	01/28/1998
Florida	Approved	02/07/1992	Tennessee	Approved	11/06/1986
Georgia	Approved	12/17/1991	Texas	Approved	10/13/1992
Hawaii	Approved	03/06/1998	Utah	Approved	03/31/1994
Idaho	Approved	04/22/1994	Vermont	Approved	05/21/1996
Illinois	Approved	11/25/1991	Virginia	Approved	02/07/1996
Indiana	Approved	10/21/1993	Washington	Approved	09/24/1992
Iowa	Approved	11/18/1991	West Virginia	Approved	02/07/1994
Kansas	Approved	08/02/1991	Wisconsin	Approved	01/16/1992
Kentucky	Approved	07/11/1994	Wyoming	Approved	02/05/1998
Louisiana	Approved	03/19/1993			
Maine	Approved	06/28/1996			
Maryland	Approved	03/01/1993			
Massachusetts	Approved	02/13/1998			
Michigan	Approved	02/27/1992			
Minnesota	Approved	03/23/1998			
Mississippi	Approved	01/20/1993			
Missouri	Approved	11/15/1994			
Montana	Approved	01/27/1998			
Nebraska	Approved	02/05/1998			
Nevada	Approved	10/24/1991			
New Hampshire	Approved	06/27/1996			
New Jersey	Approved	01/27/1994			
New Mexico	Approved	02/19/1998			
New York	Approved	11/29/1993			

Firm Operations



Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 7 types of businesses.

Types of Business

- Broker or dealer retailing corporate equity securities over-the-counter
- Broker or dealer selling corporate debt securities
- Mutual fund retailer
- Municipal securities dealer
- Municipal securities broker
- Broker or dealer selling variable life insurance or annuities
- Non-exchange member arranging for transactions in listed securities by exchange member

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does not refer or introduce customers to other brokers and dealers.

Firm Operations

Industry Arrangements



This firm does not have books or records maintained by a third party.

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: NATIONAL FINANCIAL SERVICES LLC
CRD #: 13041
Business Address: 82 DEVONSHIRE ST
BOSTON, MA 02109
Effective Date: 09/15/2001
Description: CLEARING FIRM AGREEMENT WHEREBY NATIONAL FINANCIAL HOLDS
ACCOUNTS, FUNDS OR SECURITIES OF CUSTOMERS OF ALLSTATE
FINANCIAL SERVICES, LLC.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

ALLSTATE FINANCIAL ADVISORS, LLC is under common control with the firm.

CRD #:	109524
Business Address:	3100 SANDERS RD NORTHBROOK, IL 60062
Effective Date:	03/18/2008
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	ALLSTATE FINANCIAL SERVICES, LLC AND ALLSTATE FINANCIAL ADVISORS, LLC SHARE THE SAME DIRECTORS.

ALLSTATE DISTRIBUTORS, L.L.C. is under common control with the firm.

CRD #:	100460
Business Address:	3100 SANDERS RD STE N3B NORTHBROOK, IL 60062
Effective Date:	03/05/1999
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	OWNED BY ALLSTATE LIFE INSURANCE COMPANY WHICH IS OWNED BY ALLSTATE INSURANCE COMPANY



Organization Affiliates (continued)

This firm is not directly or indirectly, controlled by the following:

- **bank holding company**
- **national bank**
- **state member bank of the Federal Reserve System**
- **state non-member bank**
- **savings bank or association**
- **credit union**
- **or foreign bank**



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	3	0
Arbitration	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 3

Reporting Source: Regulator
Current Status: Final

**Allegations:**

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT DUE TO FIVE SYSTEMIC PROBLEMS, SOME OF WHICH LASTED AS LONG AS FIFTEEN YEARS, THE FIRM FAILED TO SUPERVISE CERTAIN COMMUNICATIONS AND TRANSACTIONS, RETAIN CERTAIN RECORDS, AND PROVIDE CUSTOMERS WITH CERTAIN REQUIRED NOTICES AND INFORMATION. THE FINDINGS STATED THAT THE FIRM OMITTED APPROXIMATELY 3,500 SECONDARY EMAIL ACCOUNTS FROM THE LIST OF EMAIL ACCOUNTS THAT THE FIRM MONITORED. AS A RESULT, THE FIRM DID NOT REVIEW APPROXIMATELY 44 MILLION EMAILS, WHICH INCLUDED APPROXIMATELY 11,000 EMAILS WITH CUSTOMERS OR OTHERWISE RELATING TO THE FIRM'S SECURITIES BUSINESS. THE FIRM DID NOT RETAIN THE EMAILS RELATING TO ITS SECURITIES BUSINESS. THOSE PROBLEMS OCCURRED BECAUSE THE FIRM INADVERTENTLY DID NOT ADD THE SECONDARY EMAIL ACCOUNTS TO THE LIST OF EMAIL ACCOUNTS THAT THE FIRM'S EMAIL SOFTWARE SYSTEM MONITORED, AND ALSO BECAUSE THE FIRM DID NOT EMPLOY ADEQUATE MEASURES TO ENSURE THAT ITS SOFTWARE SYSTEM CAPTURED EVERY RELEVANT EMAIL. THE FINDINGS ALSO STATED THAT THE FIRM DID NOT ADEQUATELY SUPERVISE THE USE OF SEVERAL PROGRAMS USED BY ITS REGISTERED PERSONS TO CREATE CONSOLIDATED REPORTS, OR ADDRESS THEM IN THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS). IN ADDITION, THE FIRM DID NOT RETAIN COPIES OF ALL CONSOLIDATED REPORTS. ALTHOUGH THE FIRM REQUIRED ITS REGISTERED PERSONS TO RETAIN COPIES OF RETAIL COMMUNICATIONS GENERALLY, THE FIRM DID NOT ADEQUATELY INSTRUCT ITS REGISTERED PERSONS THAT ITS RETENTION POLICY APPLIED TO CONSOLIDATED REPORTS. AS A RESULT, THE FIRM HAS VERY FEW RECORDS OF CONSOLIDATED REPORTS THAT ITS REPRESENTATIVES DISTRIBUTED TO CUSTOMERS. THE FINDINGS ALSO INCLUDED THAT THE FIRM'S RECORDS FOR CUSTOMER ACCOUNTS HOLDING MUTUAL FUNDS AND VARIABLE PRODUCTS WERE MISSING OR INCOMPLETE, AND THOSE ACCOUNTS WERE NOT LINKED TO THE FIRM'S SOFTWARE SYSTEM THAT GENERATED VARIOUS NOTICES. AS A RESULT, THE FIRM DID NOT VERIFY THE IDENTITY OF CERTAIN OF THOSE ACCOUNTS' OWNERS, DETERMINE WHETHER RECOMMENDATIONS WERE SUITABLE FOR THOSE CUSTOMERS, AND SEND REQUIRED PERIODIC ACCOUNT RECORDS AND NOTICES EXPLAINING THE FIRM'S PRIVACY POLICIES TO THOSE CUSTOMERS. THAT PROBLEM RESULTED FROM SEVERAL ERRORS. THE FIRM'S REGISTERED PERSONS HAD SUBMITTED SOME OF THE ACCOUNTS DIRECTLY TO PRODUCT SPONSORS, BYPASSING THE FIRM'S SYSTEMS; THAT PRACTICE VIOLATED A POLICY THAT THE FIRM DID NOT CONSISTENTLY ENFORCE. OTHER ACCOUNTS WERE TRANSFERRED TO THE FIRM FROM OTHER FIRMS WITHOUT BEING PROPERLY DOCUMENTED. AND, INFORMATION ABOUT OTHER ACCOUNTS WAS ENTERED INCORRECTLY, DUE TO MANUAL ERRORS. FINRA FOUND



THAT THE FIRM DID NOT VERIFY THE IDENTITY OF CERTAIN OF THOSE ACCOUNTS' OWNERS, DETERMINE WHETHER RECOMMENDATIONS WERE SUITABLE FOR THOSE CUSTOMERS, AND SEND REQUIRED PERIODIC ACCOUNT RECORDS AND NOTICES EXPLAINING THE FIRM'S PRIVACY POLICIES TO THOSE CUSTOMERS. FINRA ALSO FOUND THAT THE FIRM PAID COMMISSIONS IN CONNECTION WITH SECURITIES TRANSACTIONS TO UNREGISTERED PERSONS WHO EITHER WERE PREVIOUSLY REGISTERED WITH THE FIRM OR AT THE TIME WORKED FOR AFFILIATED INSURANCE COMPANIES. MOST OF THE PAYMENTS WERE TRAILING COMMISSIONS THAT THE FIRM PAID TO PERSONS WHO HAD BEEN REGISTERED WITH THE FIRM, BUT NO LONGER WERE REGISTERED WHEN THEY RECEIVED THE PAYMENTS. IN ADDITION, FINRA FOUND THAT THE FIRM INCORRECTLY LABELED CUSTOMERS' ACCOUNTS AS CLOSED DUE TO AN ERROR DURING A SYSTEM CONVERSION. AS A RESULT, THOSE CUSTOMERS DID NOT RECEIVE REQUIRED PERIODIC ACCOUNT RECORDS AND NOTICES EXPLAINING THE FIRM'S PRIVACY POLICIES.

Initiated By: FINRA

Date Initiated: 12/15/2016

Docket/Case Number: [2015047806501](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/15/2016

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$1,000,000.00

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED AND FINED \$1,000,000. FINES PAID IN FULL ON 12/28/16.



Regulator Statement

IN RESOLVING THIS MATTER, FINRA RECOGNIZED THE FIRM'S EXTRAORDINARY COOPERATION BY SELF-REPORTING THREE OF ITS PROBLEMS-THOSE INVOLVING SECONDARY EMAIL ACCOUNTS, PAYMENTS OF COMMISSIONS TO UNREGISTERED PERSONS, AND MISSING AND INCOMPLETE ACCOUNT RECORDS; AND SUBSTANTIALLY ASSISTING FINRA WITH ITS INVESTIGATION OF THE FIRM'S PAYMENTS OF COMMISSIONS TO UNREGISTERED PERSONS.

Reporting Source:

Firm

Current Status:

Final

Allegations:

BY FAILING TO REVIEW APPROXIMATELY 44 MILLION MESSAGES IN REGISTERED PERSONS' SECONDARY EMAIL ACCOUNTS, AFS VIOLATED NASD RULES 2110 AND 3010 AND FINRA RULE 2010. BY FAILING TO RETAIN APPROXIMATELY 11,000 EMAILING RELATING TO SECURITIES BUSINESS, AFS VIOLATED EXCHANGE ACT 17, EXCHANGE ACT RULE 17A-4, NASD RULES 2110, 3010, AND 3110, AND FINRA RULES 2010 AND 4511. BY FAILING TO SUPERVISE THE USE OF REGISTERED PERSONS' SECONDARY EMAIL ACCOUNTS, FAILING TO TEST THE SOFTWARE SYSTEM FOR MONITORING EMAIL, AND BY FAILING TO ADDRESS THOSE ISSUES IN THE FIRMS' WSPS, AFS VIOLATED NASD RULES 2110 AND 3010 AND FINRA RULES 2010 AND 3110.

BY FAILING TO RETAIN REGISTERED PERSONS' CONSOLIDATED REPORTS, AFS VIOLATED EXCHANGE ACT 17 AND 17A-4, NASD RULES 2110, 3010, AND 3110, AND FINRA RULES 2010 AND 4511. BY FAILING TO SUPERVISE REGISTERED PERSONS' USE OF CONSOLIDATED REPORTS, AFS VIOLATED NASD RULES 2110 AND 3010 AND FINRA RULES 2010 AND 3110.

BY FAILING TO VERIFY THE IDENTITY OF THE OWNERS OF APPROXIMATELY 7,000 ACCOUNT AS THE BANK SECRECY ACT AND ITS IMPLEMENTING REGULATIONS REQUIRE, AFS VIOLATED NASD RULES 2110 AND 3011 AND FINRA RULES 2010 AND 3310. BY FAILING TO OBTAIN ADEQUATE INFORMATION ABOUT THE INVESTMENT PROFILES OF THE OWNERS OF APPROXIMATELY 9,200 ACCOUNTS, PRECLUDING AND DETERMINATION WHETHER RECOMMENDATIONS ABOUT MUTUAL FUNDS AND VARIABLE PRODUCTS WERE SUITABLE FOR THOSE CUSTOMERS, AFS VIOLATED NASD RULES 2110 AND 2310 AND FINRA RULES 2010 AND 2111. FAILING TO CREATE AND SEND APPROXIMATELY 60,000 REQUIRED PRIVACY NOTICES AND APPROXIMATELY 11,000 REQUIRED PERIODIC ACCOUNT RECORDS, AFS VIOLATED REGULATION S-P 248.5, EXCHANGE ACT RULE 17A-3, NASD RULES 2110 AND 3110, AND FINRA RULES 2010 AND 4511.

BY PAYING COMMISSIONS FROM SECURITIES TRANSACTIONS TO APPROXIMATELY 4,400 PEOPLE WHO WERE NOT REGISTERED OR ASSOCIATED WITH ANY MEMBER OF FINRA AT THE TIME OF PAYMENTS,



AFS VIOLATED NASD RULES 2110 AND 2420 AND FINRA RULE 2010. BY INCORRECTLY LABELING APPROXIMATELY 2,900 CUSTOMER ACCOUNTS AS CLOSED, AFS DID NOT CREATE OR SEND APPROXIMATELY 6,500 REQUIRED PRIVACY NOTICES AND APPROXIMATELY 2,200 REQUIRED PERIODIC ACCOUNT RECORDS AND CONSEQUENTLY VIOLATED EXCHANGE ACT RULE 17A-3, REGULATION S-P 248.5, NASD RULES 2010 AND 3110, AND FINRA RULES 2010 AND 4511.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 12/15/2016

Docket/Case Number: [2015047806501](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE FINE IN THE AMOUNT OF \$1,000,000

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/15/2016

Sanctions Ordered: Censure
Monetary/Fine \$1,000,000.00

Other Sanctions Ordered:

Sanction Details: FINE IN THE AMOUNT OF \$1,000,000 WAS PAID ON 12/21/16

Disclosure 2 of 3

Reporting Source: Regulator

Current Status: Final

Allegations: ARTICLE V, SECTION 2(C) OF NASD'S BY-LAWS, AND NASD RULES 2110 AND 3010 - ALLSTATE FINANCIAL SERVICES, LLC ("RESPONDENT FIRM") FILED 130 LATE AMENDMENTS TO FORMS U4, WHICH REPRESENTED APPROXIMATELY 44% OF THE REQUIRED AMENDMENTS RELATING TO REPORTABLE CUSTOMER COMPLAINTS, TERMINATIONS, REGULATORY ACTIONS, AND CRIMINAL DISCLOSURES. DURING THE RELEVANT PERIOD, THE RESPONDENT FIRM'S SUPERVISORY SYSTEM AND PROCEDURES WERE NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS ARTICLE V REPORTING OBLIGATIONS.

Initiated By: NASD



Date Initiated: 11/30/2004

Docket/Case Number: CAF040102

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/30/2004

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, IT IS CENSURED AND FINED \$150,000, WHICH SHALL BE PAID WITHIN 10 DAYS OF NOTICE OF ACCEPTANCE OF THIS AWC. IN ADDITION RESPONDENT FIRM SHALL COMPLY WITH THE FOLLOWING UNDERTAKINGS: (1) PROMPTLY FOLLOWING NOTICE OF ACCEPTANCE OF THIS AWC, THE FIRM'S INTERNAL AUDIT DEPARTMENT OR PERSONNEL NOT DIRECTLY RESPONSIBLE FOR THE FIRM'S ARTICLE V REPORTING OBLIGATIONS AND THEIR IMMEDIATE SUPERVISORS SHALL CONDUCT AN AUDIT TO ASSESS THE EFFECTIVENESS OF ITS SYSTEM AND PROCEDURES FOR ENSURING TIMELY FILING OF FORM U4 AND U5 AMENDMENTS SUMMARIZING FINDINGS AND RECOMMENDATIONS AND SHALL FOR THE NEXT FOUR CALENDAR QUARTERS BEGINNING FOURTH QUARTER 2004, CONDUCT A SIMILAR AUDIT AND PREPARE A SIMILAR WRITTEN AUDIT REPORT. (2) NO LATER THAN 90 DAYS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER OF THE FIRM SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED AND THE OFFICER HAS REVIEWED THE CURRENT AUDIT REPORT. (3) NO LATER THAN 60 DAYS AFTER THE DATE OF THE CURRENT AUDIT REPORT, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS IMPLEMENTED,



OR HAS BEGUN TO IMPLEMENT, ANY RECOMMENDATIONS WITHIN A SPECIFIED TIME PERIOD. (4) NO LATER THAN 60 DAYS AFTER THE LAST DAY OF THE NEXT FOUR QUARTERS, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT AN AUDIT WAS CONDUCTED, THE CURRENT AUDIT REPORT WAS REVIEWED, AND RECOMMENDATIONS IMPLEMENTED, OR BEGUN TO BE IMPLEMENTED. (5) NO LATER THAN SIX MONTHS AFTER NOTICE OF ACCEPTANCE OF THIS AWC, AN OFFICER SHALL CERTIFY IN WRITING TO NASD THAT THE FIRM HAS REVIEWED ITS SYSTEM AND PROCEDURES FOR COMPLYING WITH ITS ARTICLE V REPORTING OBLIGATIONS AND HAS ESTABLISHED A SYSTEM AND PROCEDURES REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH REPORTING REQUIREMENTS SET FORTH THEREIN.

Reporting Source: Firm

Current Status: Final

Allegations: FIRM FAILED TO FILE IN A TIMELY MANNER CERTAIN AMENDMENTS TO FORM U-4 (QUESTION 14-DISCLOSURE QUESTIONS) AS REQUIRED BY NASD BY-LAWS.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS

Date Initiated: 07/01/2004

Docket/Case Number: CAF040102

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: CIVIL AND ADMINISTRATIVE FINE IN THE AMOUNT OF \$150000.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 11/30/2004

Sanctions Ordered: Censure
Monetary/Fine \$150,000.00

Other Sanctions Ordered:

Sanction Details: FINE OF \$150000.00

Firm Statement REQUIRED AUDITS AND OFFICER CERTIFICATIONS RELATING TO REPORTING OBLIGATIONS AND SYSTEMS AND PROCEDURES.



Disclosure 3 of 3

Reporting Source:	Regulator
Current Status:	Final
Allegations:	UNREGISTERED BRANCH OFFICES
Initiated By:	FLORIDA DIVISION OF SECURITIES
Date Initiated:	06/25/2002
Docket/Case Number:	3482-S-5/02
URL for Regulatory Action:	
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	06/25/2002
Sanctions Ordered:	Monetary/Fine \$21,300.00 Cease and Desist/Injunction
Other Sanctions Ordered:	NA
Sanction Details:	THE DEPARTMENT AGREED TO GRANT REGISTRATION TO THE FIRM'S BRANCH OFFICES.
Regulator Statement	NA

Reporting Source:	Firm
Current Status:	Final
Allegations:	UNREGISTERED BRANCH OFFICES
Initiated By:	FLORIDA DIVISION OF SECURITIES
Date Initiated:	06/25/2002
Docket/Case Number:	



Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 06/25/2002

Sanctions Ordered: Monetary/Fine \$21,300.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE DEPARTMENT AGREED TO GRANT REGISTRATION TO THE FIRM'S BRANCH OFFICES.

Firm Statement COMPUTER ERROR IN RENEWING BRANCH OFFICES ON FLORIDA'S NEW ONLINE BRANCH SYSTEM RESULTED IN THE INADVERTANT NON RENEWAL OF CERTAIN LOCATIONS. FIRM AGREED TO RENEW ALL OFFICES IN TIMELY MANNER IN THE FUTURE AND TO PAY A FINE.

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA
Case Initiated:	07/24/2017
Case Number:	17-01847
Disputed Product Type:	CORPORATE BONDS
Sum of All Relief Requested:	\$853,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	03/18/2021
Sum of All Relief Awarded:	\$400,425.02

There may be a non-monetary award associated with this arbitration. Please select the Case Number above to view more detailed information.

End of Report



This page is intentionally left blank.