

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016049304801**

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

RE: Hancock Investment Services, Inc., Respondent
CRD No. 40637

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Hancock Investment Services, Inc. ("Respondent") 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 the Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Respondent has been a member of FINRA since July 23, 1996. The firm is headquartered in New Orleans, Louisiana and engages in a general securities business. It has approximately 36 registered representatives and approximately 56 branch offices.

RELEVANT DISCIPLINARY HISTORY

Respondent has no relevant disciplinary history.

OVERVIEW

From October 2003 to September 2016, Respondent failed to preserve business-related emails in a manner that complied with applicable federal securities laws and with FINRA and NASD Rules, and until February 2012 failed to establish and maintain written supervisory procedures reasonably designed to ensure such compliance.

FACTS AND VIOLATIVE CONDUCT

1. *Email Preservation*

Exchange Act Section 17(a) and SEC Rule 17a-4 thereunder require broker-dealers to preserve, among other things, certain business-related communications including emails. SEC Rule 17a-4(f) allows such records to be preserved by means of electronic storage media but only if kept in a “non-rewritable, non-erasable format,” which is commonly referred to as “WORM” format (“write once, read many”). FINRA Rule 4511 – like its substantially similar antecedent, NASD Rule 3110¹ – requires member firms to preserve these records in a manner that complies with Exchange Act Rule 17a-4.

From October 2003 to September 2016, Respondent preserved its business-related emails by means of electronic storage media, but those emails were not preserved in WORM format. As a result, millions of business-related emails sent and received by Respondent and its personnel during this period, including emails with firm customers, were not preserved in a manner that complied with SEC and FINRA requirements.² After discovering this deficiency and self-reporting the matter to FINRA in 2016, Respondent has since transitioned its email storage to a cloud-based system that it represents to be WORM-compliant.

By failing to preserve business-related emails in a manner that complied with applicable law, Respondent violated Exchange Act 17(a), Exchange Act Rule 17a-4 thereunder, NASD Rule 3110 (prior to December 5, 2011), and FINRA Rule 4511 (from December 5, 2011 to December 2016). By virtue of those violations, Respondent also violated NASD Rule 2110 (prior to December 15, 2008) and FINRA Rule 2010 (from December 15, 2008 to December 2016).³

2. *Supervision*

During the period relevant here, NASD Rule 3010 and FINRA Rule 3110⁴ required member firms to, among other things, establish, maintain, and enforce written supervisory procedures reasonably designed to achieve compliance with applicable securities laws and regulations and applicable FINRA Rules.

Until February 2012, Respondent did not establish and maintain any written supervisory procedures designed to ensure that its method of electronically preserving business-related emails complied with applicable securities laws and

¹ NASD Rule 3110 was superseded by FINRA Rule 4511, effective December 5, 2011.

² Subsequent investigation by the firm did not identify any lost or deleted emails.

³ NASD Rule 2110 was superseded by FINRA Rule 2010 effective December 15, 2008.

⁴ NASD Rule 3110 was superseded in relevant part by substantially similar provisions of FINRA Rule 3010 effective December 1, 2014.

regulations and applicable FINRA Rules. In February 2012, Respondent adopted written supervisory procedures that required the firm to perform tests to ensure that its email retention system was WORM-compliant. Respondent, however, failed to enforce these new written supervisory procedures until August 2015. This failure violated NASD Rule 3010 (prior to December 1, 2014) and FINRA Rule 3110 (From December 1, 2014 to August 2015) and, by virtue of that violation, Respondent also violated NASD Rule 2110 (prior to December 15, 2008) and FINRA Rule 2010 (from December 15, 2008 to August 2015).

OTHER FACTORS

In determining to resolve this matter on the terms memorialized in this AWC, FINRA credited Respondent for having: (1) self-identified, self-investigated, and self-reported the relevant issues prior to detection or intervention by any regulator; (2) taken prompt corrective and remedial action; and (3) provided substantial cooperation in connection with FINRA's investigation of this matter.

- B. Respondent also consents to imposition of the following sanctions:
1. A censure; and
 2. A \$100,000 fine.

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 acceptance or rejection of this AWC.

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:

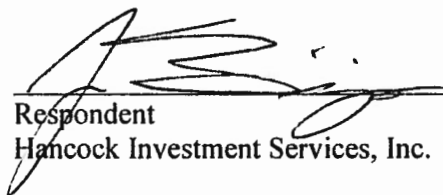
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 actions brought by FINRA or any other regulator against it;
 - 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 the subject matter thereof 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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- 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 or its staff.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on its 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 its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

01/09/2018

Date (mm/dd/yyyy)


Respondent
Hancock Investment Services, Inc.

By: JAMES FUJINAGA

Reviewed by:

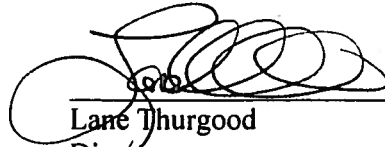


Robert B. Bieck, Jr.
Jones Walker LLP
201 St. Charles Avenue, 49th Floor
New Orleans, Louisiana 70170-5100
Phone: (504) 582-8202

Accepted by FINRA:

16 Jan 2018
Date/

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

A handwritten signature in black ink, appearing to read "Lane Thurgood", is written over a horizontal line. The signature is stylized with loops and a large initial "L".

Lane Thurgood
Director
FINRA Department of Enforcement
15200 Omega Drive, Third Floor
Rockville, MD 20850
Phone: (301) 258-8584