

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017052209901**

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

RE: Ascensus Financial Services, LLC, Respondent
CRD No. 147257

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Ascensus Financial Services, LLC ("Ascensus" or the "Firm") 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 Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The Firm 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

Ascensus has been a FINRA member firm since 2008. The Firm is headquartered in Dresher, Pennsylvania and has approximately 79 registered persons and three branch offices.

Ascensus serves as the broker-dealer of record on mutual fund investments held by retirement plans for which the Firm's corporate parent serves as fund administrator. The Firm does not have any retail customers.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant formal disciplinary history with the Securities and Exchange Commission, any state securities regulator, or any self-regulatory organization.

OVERVIEW

From October 1, 2014 through August 31, 2017 (the “Relevant Period”), Ascensus conducted a securities business while failing to meet its net capital requirements, in violation of Section 15(c) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 15c3-1 promulgated thereunder, and FINRA Rule 2010. In addition, the Firm failed to maintain books and records reflecting an accurate computation of its net capital, in violation of Section 17(a) of the Exchange Act and Exchange Act Rules 17a-3 and 17a-5 promulgated thereunder, and FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

A. Net Capital Violation

Section 15(c) of the Exchange Act and Exchange Act Rule 15c3-1 require every broker-dealer to have and maintain a minimum level of net capital. A violation of Section 15(c) of the Exchange Act and Exchange Act Rule 15c3-1 is also a violation of FINRA Rule 2010.

Ascensus serves as the broker-dealer of record on mutual fund investments held by retirement plans for which the Firm’s corporate parent acts as fund administrator. Ascensus collects 12b-1 fees on the plans’ investments directly from the mutual fund companies and then distributes those fees to the entities with whom its corporate parent maintains a recordkeeping agreement. Ascensus retains 5% of the 12b-1 fees it collects as an administrative fee. This is the Firm’s only source of revenue. During the Relevant Period, the Firm’s required regulatory minimum net capital was \$250,000.

Ascensus conducted a securities business during the Relevant Period while failing to meet its net capital requirements. As a result of an erroneous accounting determination, Ascensus failed to include the full value of the 12b-1 fees it collected from the mutual fund companies in its non-allowable asset calculation. Instead, the Firm included in its calculation only the 5% of the 12b-1 fees that it retained as an administrative fee. By not including the full value of the 12b-1 fees it collected (and held as a receivable), the Firm understated its non-allowable assets and, as a result, operated with a net capital deficiency of between \$1.1 million and \$2.5 million during the Relevant Period.

By virtue of the foregoing, the Firm violated Section 15(c) of the Exchange Act and Rule 15c3-1 promulgated thereunder, and FINRA Rule 2010.

B. Books and Records Violation

Section 17(a) of the Exchange Act and Exchange Act Rule 17a-3 require, among other things, that broker-dealers maintain accurate books and records, including

general ledgers and net capital calculations. Exchange Act Rule 17a-5 requires broker-dealers to file accurate Financial and Operational Combined Uniform Single (“FOCUS”) Reports containing certain accounting and financial information. FINRA Rule 4511 requires broker-dealers to make and preserve accurate books and records as required under the Exchange Act and applicable Exchange Act Rules. A violation of Section 17(a) of the Exchange Act, Exchange Act Rule 17a-3, Exchange Act Rule 17a-5, and FINRA Rule 4511 is also a violation of FINRA Rule 2010.

As detailed above, Ascensus failed to properly include the full value of the 12b-1 fees it collected (and held as a receivable) when calculating its non-allowable assets. As a result, the Firm prepared and maintained an inaccurate general ledger, and filed eight inaccurate quarterly FOCUS Reports during the Relevant Period.

By virtue of the foregoing, Ascensus violated Section 17(a) of the Exchange Act and Rules 17a-3 and 17a-5 promulgated thereunder, and FINRA Rules 4511 and 2010.

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

- A censure; and
- A \$35,000 fine.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted an Election of Payment form showing the method by which the Firm proposes to pay the fine imposed.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm 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, the Firm 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.

The Firm 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

The Firm 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 the Firm; and
- C. If accepted:
 - 1. this AWC will become part of the Firm’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Firm;
 - 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. The Firm 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. The Firm 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 the Firm'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.

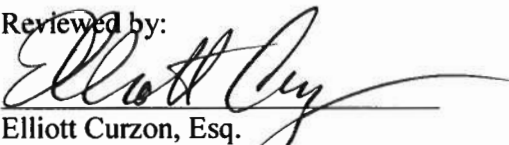
- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, 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 the Firm 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 the Firm to submit it.

SEPTEMBER 20, 2018
Date (mm/dd/yyyy)

Ascensus Financial Services, LLC

By: 
Robert B. Kaplan
Chief Compliance Officer

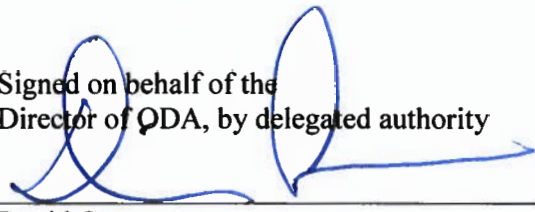
Reviewed by:

Elliott Curzon, Esq.
Counsel for Respondent
Dechert LLP
1900 K Street, N.W.
Washington, D.C. 20006
(202) 261-3341

Accepted by FINRA:

10/31/18

Date

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



David Camuzo
Senior Counsel
FINRA Department of Enforcement
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