

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022074390401**

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

RE: J. Alden Associates, Inc. (Respondent)  
Member Firm  
CRD No. 40002

Pursuant to FINRA Rule 9216, Respondent J. Alden Associates, 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**

J. Alden has been a FINRA member since 1996. The firm is headquartered in Wayne, Pennsylvania and has approximately 100 registered representatives in eight branch offices.<sup>1</sup> J. Alden conducts a general securities business.

**OVERVIEW**

J. Alden violated several regulatory requirements, designed to protect the investing public, relating to its financial operations, reporting, recordkeeping, and supervision. Between November 2021 and May 2024, J. Alden: conducted a securities business on 90 days during which it failed to maintain its required minimum net capital; failed to timely report a net capital deficiency; maintained inaccurate books and records by failing to use the accrual method of accounting; and failed to establish and maintain a supervisory system reasonably designed to ensure compliance with net capital and recordkeeping rules. Through this conduct, J. Alden violated Exchange Act §§15(c)(3) and 17(a), Exchange Act Rules 15c3-1, 17a-3 and 17a-11, and FINRA Rules 3110, 4110(b)(1), 4511, and 2010.

For these violations, J. Alden is censured and fined \$40,000.

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a financial notification filed with FINRA by J. Alden.

### **A. J. Alden conducted a securities business while net capital deficient.**

Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rule 4110, provide fundamental safeguards for the protection of the investing public.

As relevant here, Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-1 require broker-dealers to maintain certain minimum levels of net capital. Further, an SEC Interpretation of Exchange Act Rule 15c3-1(c)(2)(iv) requires broker-dealers to use the accrual method of accounting, including when calculating net capital. Finally, FINRA Rule 4110(b)(1) requires member firms to suspend all business operations during any period in which they are not in compliance with applicable net capital requirements set forth in Exchange Act Rule 15c3-1. When a firm conducts business while net capital deficient, the firm places its customers and creditors at increased risk of monetary losses.

A violation of Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rule 4110(b)(1) also constitutes a violation of FINRA Rule 2010, which requires firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

During five separate periods totaling approximately 90 days between November 2021 and January 2023, J. Alden conducted a securities business while it failed to maintain its required minimum net capital of the greater of \$5,000 or 6 2/3% of its aggregate indebtedness. Two deficiencies were the result of the firm's failure to compute its net capital using the accrual method of accounting. Specifically, the firm's representatives sold certain insurance contracts and private placements. The issuers paid commissions to J. Alden, which, by contract, paid commissions to the registered representatives who sold the products. The accrual method of accounting required the firm to record the commission to the firm as a receivable when earned, and record the commission paid to its representatives as a payable when the expense was incurred. For these products, the firm should have recorded both the receivable and payable on the closing date of the transaction. However, during the relevant period, J. Alden improperly recorded the commissions receivable and payable on dates other than the closing date of the transactions.

The remaining three periods of net capital deficiency were the result of the firm's failure to provide the firm's Financial and Operations Principal (FINOP) with timely, complete, and accurate information that impacted the firm's financial position.

As a result, J. Alden violated Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1 and FINRA Rules 4110(b)(1) and 2010.

**B. J. Alden failed to timely file a financial notification that it was net capital deficient.**

Exchange Act §17(a) and Exchange Act Rule 17a-11 require that every FINRA member whose net capital declines below its minimum net capital requirement give same-day notice to FINRA and the SEC. This notification requirement is designed to protect a broker-dealer's customers and enhance regulators' ability to monitor and prevent unsound business practices. A violation of Exchange Act §17(a) and Exchange Act Rule 17a-11 is also a violation of FINRA Rule 2010.

J. Alden failed to file a timely same-day notification for a net capital deficiency it identified in November 2021. Although the firm's net capital computation showed a net capital deficiency, the firm failed to file the notification. Consequently, FINRA and the SEC were unaware of, and could neither consider nor act upon, the deficiency until it was discovered by FINRA's exam team in December 2022.

As a result, J. Alden violated Exchange Act §17(a), Exchange Act Rule 17a-11, and FINRA Rule 2010.

**C. J. Alden maintained inaccurate books and records.**

FINRA Rule 4511(a) requires FINRA-registered broker-dealers to make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules. Exchange Act §17(a) and Exchange Act Rule 17a-3 require FINRA member firms to make and keep current books and records relating to their business. Specifically, the rule requires broker-dealers to make and maintain a record of the proof of money balances of all ledger accounts in the form of trial balances and a record of the computation of aggregate indebtedness and net capital. Recordkeeping requirements are integral to investor protection because a firm's books and records are the primary means of monitoring its compliance with applicable securities laws.

Violations of the Exchange Act, Exchange Act Rules, and FINRA Rule 4511(a) are also a violation of FINRA Rule 2010.

J. Alden failed to prepare and maintain accurate payable and receivable figures on its books and records between November 2021 and May 2024 when it recorded transaction payables and receivables on dates other than the closing dates, resulting in inaccurate aggregate indebtedness and net capital computations. As a result of its failure to use the accrual method of accounting, the firm's general ledger and trial balances were inaccurate as it relates to the firm's revenue, assets, and liabilities during these periods. The firm's record-keeping errors hindered the regulatory monitoring of its financial condition.

As result, J. Alden violated Exchange Act § 17 of the Exchange Act, Exchange Act Rule 17a-3 and FINRA Rules 4511(a) and 2010.

**D. J. Alden failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with net capital and record-keeping rules.**

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

Between November 2021 and May 2024, J. Alden failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with the net capital rule and recordkeeping obligations. The WSPs provided no guidance as to instances when the FINOP should compute the firm's net capital, other than monthly, so the FINOP did not have guidance for computing net capital at each transaction's close. The firm also failed to provide the FINOP the information required to accurately maintain the firm's books and records or accurately compute the firm's net capital. Until January 2023, the FINOP did not have direct access to the firm's accounting system, and until August 2023, there was no requirement in the firm's procedures for the firm to keep the FINOP informed of relevant information including active engagements and upcoming firm expenditures. Consequently, the FINOP was missing key information that impacted the firm's net capital position. In addition, until May 2024, the firm had no system to ensure that the firm's books and records were maintained using the accrual method of accounting, as required by the Exchange Act, which resulted in the firm's inaccurate computations and inaccurate record-keeping, and, consequently, the underlying violations described above. The firm updated its accounting processes to use the accrual method in May 2024.

As a result, J. Alden violated FINRA Rules 3110 and 2010.

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

- a censure and
- a \$40,000 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 20, 2025

\_\_\_\_\_  
Date

Lee Calfo

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J. Alden Associates, Inc.  
Respondent

Print Name: Lee Calfo

Title: Chief Executive Officer

Reviewed by:

Cynthia L. King

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Cynthia L. King, Esq.  
Counsel for Respondent  
C.L. King & Associates, LLC  
Austin, TX 78739

Accepted by FINRA:

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

December 5, 2025

\_\_\_\_\_  
Date

Carolyn Isaac

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Carolyn Isaac  
Senior Counsel  
FINRA  
Department of Enforcement  
9509 Key West Ave.  
Rockville, MD 20850