

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2023077467801**

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

RE: Avantax Investment Services, Inc. (Respondent)  
Former Member Firm  
CRD No. 13686  
Acquired by Cetera Wealth Services, LLC  
Member Firm  
CRD No. 13572

Pursuant to FINRA Rule 9216, Respondent Avantax Investment Services, 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**

Avantax Investment Services, Inc. (Avantax) became a FINRA member in 1983. In July 2025, FINRA approved a Continuing Member Application filed jointly by Avantax and its affiliate, Cetera Wealth Services, LLC (CRD No. 13572), pursuant to which Avantax transferred its brokerage business to Cetera Wealth Services. At the time of the transfer, Avantax employed more than 2,900 registered representatives in more than 1,830 branch offices. In September 2025, Avantax filed a full Uniform Request for Broker Dealer Withdrawal (Form BDW) to terminate its membership with FINRA, which became effective in November 2025.<sup>1</sup>

**OVERVIEW**

From January 2019 to August 2023, Avantax failed to establish and maintain a supervisory system, and failed to establish, maintain, and enforce written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA Rule 2090, which requires member firms to use “reasonable diligence” to determine “the essential

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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 concerning every customer and concerning the authority of each person acting on behalf of such customer.” Specifically, with respect to accounts established under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act (collectively, UTMA Accounts), Avantax failed to establish, maintain, and enforce supervisory systems and WSPs to track or monitor for changes in the authority of custodians of such accounts to effect transactions on behalf of the account beneficiaries. Based on the foregoing, Avantax violated FINRA Rules 3110(a), 3110(b) and 2010. Avantax has agreed to a censure and a fine of \$200,000.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a customer complaint made to FINRA.

FINRA Rule 3110(a) requires FINRA members 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 FINRA rules. FINRA Rule 3110(b) requires member firms to establish, maintain, and enforce written procedures to supervise the types of business in which they engage and the activities of their associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and FINRA rules.

A violation of FINRA Rule 3110 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.

FINRA Rule 2090 requires member firms, in connection with the “opening and maintenance of every account,” to “use reasonable diligence” to “know (and retain) the essential facts concerning every customer and concerning the authority of each person acting on behalf of such customer.”<sup>2</sup>

Avantax permitted customers to open UTMA Accounts, which are custodial accounts that provide a way to transfer property to a minor without the need for a formal trust. While the specific requirements and features of UTMA Accounts may vary from state to state, all UTMA Accounts share certain common characteristics. For example, in all states, in order to establish an UTMA Account, the donor appoints a custodian, designates a minor beneficiary, and deposits assets into the account. Once a donor contributes assets to the account, the assets become the property of the minor beneficiary and neither the donor nor the custodian can divest the beneficiary of the donated assets. The custodian makes all investment decisions on the beneficiary’s behalf until the beneficiary reaches the age of majority or an alternative age of termination set forth in relevant state statutes, at which point the custodian is required by state law to transfer control over the custodial property to the beneficiary (the Termination Date).

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<sup>2</sup> The reasonableness of a firm’s efforts in this regard will depend on the facts and circumstances of the particular situation. *See* Reg. Notice 11-02.

FINRA issued Regulatory Notice 20-07 in February 2020, reminding firms of their responsibilities for supervising UTMA Accounts. The Notice stated:

The termination of the custodianship . . . represents an important change in the customer relationship and is an essential fact about the UTMA/UGMA Account customer that member firms and their associated persons should know pursuant to the requirements of Rule 2090. Failure to have a reasonably designed supervisory system in place pursuant to Rule 3110 that takes into account the termination of the custodianship, and the changed authority resulting from that termination, may result in a mishandling of the UTMA/UGMA Account.

The Notice stated that members firms should have a supervisory system and procedures in place reasonably designed to: (1) address the termination of the custodianship when a beneficiary reaches the relevant age, and (2) verify whether the custodian continues to have authority over the account. The Notice added that FINRA “expects member firms to take into account the relevant age when establishing an UTMA/UGMA Account and take steps to track or monitor when the beneficiary reaches the relevant age,” and to “take steps to verify whether the custodian has authority to manage assets after the beneficiary reaches the relevant age.”

During the relevant period, Avantax’s WSPs provided that when a minor beneficiary of an UTMA Account reaches the age of majority or alternative age of termination, the custodian must transfer the assets of the account to the single name of the beneficiary. However, Avantax did not establish systems or procedures reasonably designed to supervise custodian compliance with the requirement to timely transfer control over the custodial property to the beneficiary. Avantax also did not take any steps to track or monitor when a beneficiary reached the relevant age, or to verify a custodian’s continuing authority to act on behalf of the beneficiary thereafter.

Between January 2019 to August 2023, beneficiaries of 13,642 of the Firm’s UTMA Accounts reached the relevant age. As of May 1, 2023, 8,382 of those accounts remained open and had not been re-titled or transferred to the beneficiary. This failure enabled custodians to effect transactions in, or to withdraw, journal, or transfer money from UTMA Accounts after the Termination Date, without verifying that the custodian had continuing authority from the beneficiary to do so.<sup>3</sup>

Therefore, Avantax violated FINRA Rules 3110(a), 3110(b) and 2010.

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

- a censure and

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<sup>3</sup> Starting in August 2023, Avantax revised its WSPs and its supervisory systems to begin tracking the Termination Date for each UTMA Account and restricting custodians from effecting transactions in UTMA Accounts after the Termination Date.

- a \$200,000 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 prejudice 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.

February 20, 2026

\_\_\_\_\_  
Date

*Daniel Burkott*

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Avantax Investment Services, Inc.  
Respondent

Print Name: Daniel Burkott

Title: Chief Compliance Officer - Tax Channel

Accepted by FINRA:

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

February 20, 2026

\_\_\_\_\_  
Date

*Jena Levin*

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Jena Levin  
Principal Counsel  
FINRA  
Department of Enforcement  
101 N Wacker Drive, Suite 2200  
Chicago, IL 60606