UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 7016 / September 22, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22747

In the Matter of **TRUIST ADVISORY SERVICES, INC.** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Truist Advisory Services, Inc. ("Respondent" or "Truist Advisory").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting the findings herein, except as to the Commission's jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that

Summary

These proceedings arise out the failures of Truist Advisory, an SEC-registered investment adviser, with respect to a "cancel-rebill" scheme perpetrated by Gary Costello ("Costello") while he was an investment adviser representative with Truist Advisory.[2] From March to August 2023, Costello used Truist Advisory's trade correction process to cancel ten losing trades from his personal brokerage account and rebill them to four of his clients. At the time of these cancel-rebills, Costello had $503,659 in unrealized losses on the trades and numerous margin calls. By cancel-rebilling those trades and their unrealized losses, Costello misappropriated $503,659 from his advisory clients.

Truist Advisory approved Costello's trade correction requests without considering that the trades were being cancel-rebilled from Costello's personal brokerage account to certain of his clients' accounts and without following its account trading policy to monitor for patterns of errors by individual investment adviser representatives.

Respondent

1. Truist Advisory is a Delaware corporation with its principal place of business in Atlanta, Georgia, and is registered with the Commission as an investment adviser.

The Cancel-Rebill Scheme

2. Costello joined Truist Advisory in November 2022 as an investment adviser representative. At Truist Advisory, Costello actively traded securities on margin in his personal brokerage account, including day-trading and trading in low-priced securities (under $5 a share). Costello's personal trading was unprofitable and resulted in substantial losses and frequent large margin calls.

3. In March 2023, Costello began cancel-rebilling certain unprofitable trades out of his account and into certain of his client accounts in order to move his trading losses to his clients and to resolve pending margin calls. From March 3, 2023, to August 1, 2023, Costello misappropriated $503,659 from four clients through ten cancel-rebills.

4. On August 1, 2023, Truist Advisory's custodian brokerage firm ("Custodian") raised specific questions to Truist Advisory regarding Costello's personal securities trading and

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

[2] The Commission instituted a settled administrative and cease-and-desist proceeding against Costello. *See In re Costello*, Rel. No. 33-11380 (July 16, 2025).

cancel-rebill of losing trades to certain of his client accounts, leaving the clients with unrealized losses. Truist Advisory thereafter began an investigation and at the end of the investigation terminated Costello.

Truist Advisory's Failures Related to the Cancel-Rebills

5. Truist Advisory approved Costello's trade correction requests without considering that the trades were being cancel-rebilled from Costello's personal brokerage account to certain of his clients' accounts. Truist Advisory's policies and procedures provided that Truist Advisory had to approve trade corrections. Costello's trade correction requests submitted to Truist Advisory showed that: (1) the "trade correction" involved an account that included a "Short Name" section that indicated the account belonged to Costello; (2) he was requesting that a trade be cancelled out of his account and moved to a new account identified by account number; and (3) his stated reason for the correction was that he had placed the trade in the wrong account. Costello submitted his trade correction requests at various times after the original trade, ranging from the same day to up to 16 trading days after the original trade. After reviewing the trade correction requests, Truist Advisory approved all ten of Costello's trade correction requests that cancel-rebilled ten losing trades from Costello's personal account to certain of his clients' accounts.

6. Truist Advisory then processed the cancel-rebills by moving the trades from Costello's brokerage account to an account of a Truist Advisory-related company's average price account and then to the accounts of four Costello clients.

7. At least three times, beginning in late April 2023, Costello emailed Truist Advisory that he was resolving a pending margin call by submitting a trade correction to move a trade out of his account.

8. On July 25, 2023, Custodian inquired regarding margin calls on Costello's accounts. Custodian also requested context surrounding certain trade corrections. Over the next five trading days, Truist Advisory approved three Costello trade correction requests that cancel-rebilled three trades from his account to three of his client accounts.

Truist Advisory Failed to Follow its Policies and Procedures with Respect to Costello's Cancel-Rebills

9. Truist Advisory's trade correction policies and procedures required it to review trade correction requests and supporting documentation to determine whether a request was warranted and to "monitor[ ] for patterns of errors by individual [investment adviser representatives]."

10. Truist Advisory did not implement its policies and procedures. When approving the ten cancel-rebills at issue, Truist Advisory did not monitor Costello's trade errors for patterns. Costello's trade correction requests evidenced a pattern of moving unprofitable trades from his personal account to his client accounts.

Truist Advisory's Internal Investigation

11. On August 3 and 4, 2023, respectively, Truist Advisory opened an internal investigation on Costello's conduct and restricted activity in his account. It subsequently took additional remedial actions, including: terminating Costello on August 14, 2023; conducting further analysis to determine if any other of its investment adviser representatives had cancel-rebilled unprofitable trades to clients and found no other similar activity; reimbursing its clients for their cancel-rebill losses in full with interest; taking corrective action with respect to the individuals involved in approving Costello's trade correction requests; restructuring the teams and process for reviewing margin calls and trade correction requests and revising its trade correction policies.

Violations and Failure to Supervise

12. As a result of the conduct described above, Truist Advisory willfully violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client."

13. As a result of the conduct described above, Truist Advisory willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules promulgated thereunder.

14. As a result of the conduct described above, Truist Advisory failed reasonably to supervise Costello, within the meaning of Section 203(e)(6) of the Advisers Act, with a view to preventing and detecting his violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act.

Truist Advisory's Remedial Efforts and Cooperation

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Truist Advisory and Truist Advisory's cooperation with the Commission staff in its investigation of this matter.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Trust Advisory's Offer.

A. Respondent Truist Advisory cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

B. Respondent Truist Advisory is censured.

C. Respondent Truist Advisory shall, within fourteen days of the entry of this Order, pay a civil money penalty in the amount of $200,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Truist Advisory as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Brent Wilner, Associate Director, Division of Enforcement, Securities and Exchange Commission, 444 S. Flower St., Suite 900, Los Angeles, CA 90071.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary