

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070093565**

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

RE: Wells Fargo Advisors, LLC f/k/a Wachovia Securities, LLC
CRD No. 19616

Pursuant to Rule 9216 of FINRA Code of Procedure, Respondent Wells Fargo Advisors, LLC f/k/a Wachovia Securities, LLC (the "Firm" or "Wachovia") 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.

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

Wachovia has been a FINRA member since 1987. It was acquired by Wells Fargo & Co. on December 31, 2008, and is now known as Wells Fargo Advisors. The Firm is headquartered in St. Louis, Missouri and provides financial advisory, asset management and other financial services.

OVERVIEW

The Firm violated (1) NASD Rules 2210(c) and 2110 in that it failed to file two pieces of unit investment trust ("UIT") marketing material with the NASD Department of Advertising Regulation ("Advertising"); (2) internally used four pieces of UIT marketing material that failed to comply with the NASD content standards in violation of NASD Rules 2210(d), 2211(d) and 2110; and, (3) internally used one piece of UIT marketing material that violated NASD Rules 2210(d)(2)(B) and 2110 by comparing UITs to other investments without including all material differences between the investment options.

RELEVANT DISCIPLINARY HISTORY

On April 13, 2005, the NASD accepted a Letter of Acceptance, Waiver and Consent (No. CE2050007), wherein Wachovia was censured and fined \$25,000 for violations of NASD Rules 2110, 2210(d)(1)(a), (d)(1)(b) and (c)(1), 3010(a)(1) and (b)(1) and IM-2210-2. The Firm agreed to findings that it failed to reasonably supervise a registered representative's communications with the public.

FACTS AND VIOLATIVE CONDUCT

A. Requirements for Use of UIT Sales

Material Under NASD Rules 2210 and 2211

1. Content Standards under NASD Rules 2210 and 2211

NASD Rule 2210 sets forth the standards for members' communications with the retail public. The content standards of NASD Rule 2210 are made applicable to institutional sales material (which can include broker-dealer use only material) through NASD Rule 2211(d)(1). Rule 2210(d)(1) requires that all communications with the public be "fair and balanced" and provide a "sound basis for evaluating the facts" regarding a security and prohibits the use of any false, exaggerated, unwarranted or misleading statements in such communications.

Institutional sales material currently is reviewed under 2211(d)(1), incorporating NASD Rule 2210(d)(1). Prior to the implementation of NASD Rule 2211 on November 3, 2003, institutional sales material was reviewed under the general content standards of NASD Rule 2210.

NASD Rule 2210(d)(2)(B) provides that any comparison between investments or services must include all material differences between the investment options.

2. Filing Requirement for UIT Materials

NASD Rule 2210(c)(2)¹ provides that within 10 days of first use or publication a member must file with Advertising "advertisements and sales literature concerning ... unit investment trusts."

¹ To the extent the UIT marketing materials were used prior to November 3, 2003, the NASD Rule citation is 2210(c)(1), which currently corresponds to NASD Rule citation 2210(c)(2)(A).

**B. Wachovia's Use of Marketing Materials
Prepared Internally and by UIT Sponsors**

From 2002-2004 (the "Relevant Period"), the Firm permitted its registered representatives to use approved sales and marketing materials created by the Firm and by the UIT sponsors. Certain of these materials were available for use with retail customers and others were designated for broker-dealer use only.

According to the Firm, since at least 2004, Wachovia has internally distributed UIT sponsors' approved sales materials, either by posting the materials on the Firm's Intranet or through hyperlinks on the Intranet to electronic copies of the materials on the sponsors' own websites.

**C. Certain UIT Marketing Materials
Violated NASD Rule 2210**

During the Relevant Period, the Firm permitted its registered representatives to use six UIT marketing pieces, which, as described below, violated the following NASD Rules:

- NASD Rule 2210(c)(1)(for conduct prior to November 3, 2003) and NASD Rule 2210(c)(2)(A) (for conduct after November 3, 2003);
- NASD Rule 2210(d)(2)(B); and
- NASD Rule 2210(d)(1)(for conduct prior to November 3, 2003) and NASD Rule 2210(d)(1) through NASD Rule 2211(d) (for conduct after November 3, 2003).

No	Document	Creator	Violated 2210(c)	Violated 2210(d)(1) and 2211	Violated 2210(d)(2)(B)
1	UIT Portfolio Summary Fact Sheet	FT	No	Yes	No
2	UIT Reinvestment Summary Sheet	FT	Yes	No	No
3	UIT Reinvestment Income Brochure	FT	Yes	No	No
4	"Have You Looked at '[UITs]' Lately"	FT	No	Yes	Yes
5	"You have questions... We have answers...."	FT	No	Yes	No
6	UIT 101	Firm	No	Yes	No

1. UIT Portfolio Summary Fact Sheet

This document was a one-page summary fact sheet, which compared characteristics of three UITs. The document provided information for each of these UITs including the kinds of loans contained in the portfolio, the S&P rating, the public offering price, the "Estimated Current Return," the "Estimated Long Term Return," the "Estimated Average Life," the cusip numbers, the timing of the principal and interest distributions, and the sales charge.

This document violated NASD Rules 2210(d)(1)(A) and 2110 and NASD Rule 2210(d)(1)(A) through NASD Rule 2211(d), in that it failed to provide a sound basis for evaluation and a complete presentation. Specifically, the document failed to: (1) explain what the "Estimated Current Return" and "Estimated Long Term Return" mean; and (2) include the risks associated with the UITs.

2. UIT Reinvestment Summary Sheet

The Firm failed to file this document, which was a one-page summary of a UIT, within 10 days of first use or publication in violation of NASD Rules 2210(c)(1) and (c)(2)(A) and 2110.

3. UIT Reinvestment Income Trust Brochure

The Firm failed to file the document, which was a three-page brochure describing the UIT, within 10 days of first use or publication in violation of NASD Rules 2210(c)(1) and (c)(2)(A) and 2110.

4. Document Titled "Have You looked at [UITs] Lately?"

This was a one-page marketing piece for UITs, which compared a UIT and Treasury notes, CMOs, bond funds, and individual GNMA pools; described the UIT reinvestment feature; and included information on the unit rating, par value, price, the "Estimated Current Return," the "Estimated Long Term Return," and the "Estimated Average Life."

This document violated NASD Rules 2210(d)(1)(A) and 2110 and NASD Rule 2210(d)(1)(A) through NASD Rule 2211(d), in that the document failed to provide a sound basis for evaluation and a complete presentation. Specifically, the document failed to: (1) explain what the "Estimated Current Return" and "Estimated Long Term Return" mean, and (2) include the risks associated with the UIT.

This document also violated NASD Rules 2210(d)(2)(B) and 2110, in that the comparison of UITs to Treasury notes, CMOs, bonds funds, and individual GNMA pools failed to include all material differences between the investment options.

5. Document Titled "You have
questions... We have answers...."

This was a one-page marketing piece for UITs. The document included charts showing a price change comparison for two historical rising interest rate cycles and how the previous UITs performed in these interest rate conditions.

The charts violated NASD Rules 2210(d)(1)(A) and 2110 and NASD Rule 2210(d)(1)(A) through NASD Rule 2211(d). First, the basis for the performance highlighted in the charts and the time frames selected are not provided. Second, the document failed to disclose the risk associated with the UITs.

The charts also violated NASD Rules 2210(d)(1)(B) and 2110 and NASD Rule 2210(d)(1)(B) through NASD Rule 2211(d), in that it included performance of prior, unavailable UIT portfolios to promote the UIT portfolios currently available. The inclusion of this performance is misleading in violation of NASD Rules.

6. Document Titled "UIT 101"

This document summarized certain information concerning UITs.

This document violated NASD Rules 2210(d)(1)(A) and 2110 and NASD Rule 2210(d)(1)(A) through NASD Rule 2211(d), in that it failed to provide a sound basis for evaluation and a complete presentation regarding the UITs. Specifically, the material: (1) touted the advantages of UITs without providing the associated risks; (2) made references to "low expenses [of] around 30%" and "trusts have low annual expenses at .30% and no management expenses" that were without basis; (3) included a strategy performance, but failed to disclose the percentage amount of all sales charges; (4) included a strategy performance that was not clearly identified as a strategy performance and included a footnote that stated that the returns represent the "Dow Target Ten Trust" causing ambiguity regarding sales and actual trust performance; and (5) included a comparison of UITs to individual securities and mutual funds that omitted material information in that it failed to include all material differences between the investment options.

The document also included the Top 2002 and Top 2001 UIT performers. These UITs, however, were longer than one year and had performance beyond the years cited and, therefore, the inclusion of only these years was misleading in violation of NASD Rules 2210(d)(1)(B) and 2110 and NASD Rule 2210(d)(1)(B) through NASD Rule 2211(d).

B. The Firm also consents to the imposition of the following sanctions:

1. a censure; and
2. a fine of \$25,000.

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 it 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 the Firm;
- 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 General Counsel, 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

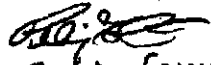
the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;

- 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 response to public inquiries about the Firm's disciplinary record;
 - 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 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.

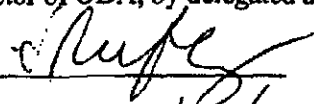
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, 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.

Wells Fargo Advisors, LLC f/k/a
Wachovia Securities, LLC

4/16/10 per
Date 
Senior Counsel
4/19/10

By: 
Its: Senior Director Brokerage per

Senior Counsel
4/19/10

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


Date 5/10/10

Linda S. Riefberg
Vice President
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, New York 10005
(646) 315-7395; Fax (646) 315-7441

Attachment: Election of Payment Form