

FINRA
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007009449501

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
FINRA

RE: James Frederick Henjum, Respondent
CRD No. 1027827

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, James Frederick Henjum ("Henjum"), 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Henjum 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 AND JURISDICTION

Henjum, a Series 7 general registered representative, was employed with A.G. Edwards & Sons, Inc. k/n/a Wachovia Securities LLC ("Wachovia" or the "Firm") from June 5, 1985 until June 20, 2008, in the Sioux Falls, South Dakota branch office of the Firm.¹ On June 20, 2008, Henjum became employed another FINRA firm where he remained employed as a registered representative until he resigned on March 31, 2009.

Henjum has not been employed in the securities industry since March 31, 2009 but remains subject to FINRA's jurisdiction pursuant to FINRA By-law Article V, Section 4.

¹ On, May 31, 2007, Wachovia agreed to purchase the assets of A.G. Edwards & Sons, Inc. and the combined entities became known as Wachovia. The deal closed in the Fourth Quarter of 2007. On October 3, 2008, Wachovia agreed to merge with Wells Fargo & Company and the deal closed in early 2009. While retaining its corporate name, Wachovia became a wholly owned subsidiary of Wells Fargo & Company.

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RELEVANT PRIOR DISCIPLINARY HISTORY

Henjum has no prior disciplinary history.

OVERVIEW

In April 2001, while registered as a general securities representative with Wachovia, Henjum gave a written guarantee against losses to Firm customer RV. Over the next four years, through May 2005, Henjum issued personal checks to customer RV, compensating her approximately \$19,200 for trading losses in her account.

FACTS AND VIOLATIVE CONDUCT

1. In May 1999, public customer RV deposited \$100,000 for investment in her Wachovia account, through Henjum.
2. Initially and through the life of the account, upon Henjum's recommendation, customer RV invested funds in growth equity mutual funds and four individual equities.
3. Beginning in approximately January 2001, the value of RV's account began to decline and, by March 30, 2001, the account value was approximately \$72,000.
4. By letter dated March 19, 2001, drafted on Firm letterhead with his name and title, Henjum, advised the customer that, if, by April 15, 2001, her account did not generate a 6% return on her initial investment, he would make up the difference using his personal funds.
5. Beginning in April 2001 and continuing through March 2005, Henjum made monthly payments to RV in the sum of \$400, totaling approximately \$19,200. Henjum paid RV via personal checks that were drawn against Henjum's personal bank account.
6. NASD Conduct Rule 2330(e) provides that no member or person associated with a member shall guarantee a customer against loss in any securities account of such customer or in any securities transaction effected by the member with or for such customer.
7. NASD Conduct Rule 2330(f)(1)(A) states: "Except as provided in paragraph (f)(2) no member or person associated with a member shall share directly or indirectly in the profits or losses in any account of a

customer carried by the member or any other member; provided, however, that a member or person associated with a member may share in the profits or losses in such an account if (i) such person associated with a member obtains prior written authorization from the member employing the associated person; (ii) such member or person associated with a member obtains prior written authorization from the customer; and (iii) such member or person associated with a member shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the member or person associated with a member."

8. Henjum's promise that RV's account would generate at least a 6% annual return on her initial investment constituted a prohibited guarantee against loss in violation of NASD Conduct Rules 2330(e). Henjum compensated RV approximately \$19,200 as reimbursement for trading losses. He did not obtain prior written authorization from RV or his member firm employer to share in RV's trading losses. By so doing, Henjum therefore violated NASD Rules 2330(f).
 9. Henjum's prohibited guarantee to a customer against account losses and his reimbursement for trading losses also constitutes violations of NASD Rule 2110, which provides that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."
 10. By reason of the foregoing, Henjum violated NASD Conduct Rules 2330(e), 2330(f) and 2110.
- B. Henjum also consents to the imposition of the following sanctions:
- A twenty (20) business day suspension from acting in any and all capacities with any FINRA member firm; and
 - A \$5,000 fine.

Henjum agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Henjum has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

The fine shall be due and payable either immediately upon reassociation with a member firm following the twenty (20) business day suspension noted above, or prior to any application or request for relief from any statutory disqualification

resulting from this or any other event or proceeding, whichever is earlier.

Henjum specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Henjum understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See, FINRA Rule 8310 and 8311).

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

II.

WAIVER OF PROCEDURAL RIGHTS

Henjum specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Henjum 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.

Henjum 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

Henjum 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. Henjum 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. Henjum 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Henjum may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future

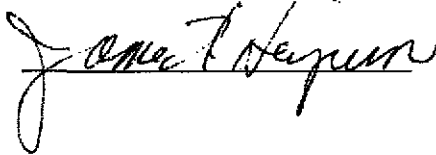
misconduct. Henjum understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Henjum certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Henjum 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 Henjum to submit it.

Date

7-7-09

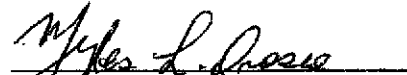
James Frederick Henjum
Respondent, *pro se*



Accepted by FINRA:

10/1/2009
Date

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



Myles L. Orosco, Director
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