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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

v.

Kimberlee Walker,
CRD No. 2781015,

Respondent.

Disciplinary Proceeding
No. 2007009469501

Hearing Officer MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: June 23, 2009

INTRODUCTION

Disciplinary Proceeding No. 2007009469501 was filed on October 17, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Kimberlee Walker submitted an Offer of Settlement (Offer) to Complainant on June 19, 2009. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of

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findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Walker, CRD No. 2781015, was employed as a registered sales assistant with Citigroup Global Markets, Inc. ("CGMI" or "Firm") from June 1996 until her termination on December 26, 2006. Walker has not been associated with a FINRA regulated broker-dealer since her date of termination, however, she remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4 (a) of the By-Laws.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Violations of NASD Rules 2330(a) and 2110 and IM-2310-2

Walker was employed as a registered sales assistant to BH, a broker at the Firm's Yakima, Washington branch. She was responsible for, among other things, performing trade execution for brokers, preparing and processing LOAs, and assisting in returning branch customer funds to active accounts that reverted to the Abandoned Property Group due to inactivity or incorrect mailing addresses.

One of BH's customers was DBW, a retired farmer, who at all relevant times was 91 years old. DBW opened her account at the Firm in 1988 with a deposit of \$10,000. On March

30, 2006, the cash balance of DBW's account, totaling \$33,510.70, was transferred to an account maintained by the Firm's Abandoned Property Group due to inactivity and lack of current address.

On or about November 13, 2006, Walker completed a change of address form with an updated address for DBW, which allowed the return of her funds from the Abandoned Property account to DBW's account. On or about November 29, 2006, Walker forged DBW's signature on a Letter of Authorization to Transfer Assets ("LOA") requesting a transfer of funds from DBW's account to a bank account at Bank of America. The payee account number on the LOA corresponded to an account in Walker's name. The forged LOA resulted in the transfer of \$34,000 from DBW's account to Walker's personal bank account at Bank of America. DBW did not authorize the transfer of funds to Walker.

In order to cover up and facilitate her wrongdoing, on or about November 30, 2006, Walker made a fraudulent entry in Citigroup's Customer Contact Log ("Log"), indicating that she called DBW on November 14, 2006 to inform her that her account was being retrieved from Abandoned Property.

On or about December 7, 2006, Walker made another fraudulent entry in the Log, making it appear that, on November 16, 2006, DBW made a request to gift cash to DBW's "YUM BofA account," and also to have Walker send her an LOA. Walker did not speak with DBW on either November 14 or 16, 2006. On or about December 1, 2006, the \$34,000 became available in Walker's Bank of America account. By December 20, 2006, Walker had withdrawn nearly \$34,000 from the account for her personal use.

Violations of NASD Rules 3110 and 2110

Walker made false entries on the Firm's books and records. More specifically, on or about November 26, 2006, Walker created a false LOA for the account of DBW, which included a forged signature. On November 30 and December 7, 2006, Walker made false entries in the Firm Log systems intended to make and maintain records of contact with customers, by creating records suggesting that she had informed DBW that her funds were being returned from Abandoned Property, and that DBW had provided instructions to Walker to send DBW an LOA in order to gift the funds returned from Abandoned Property.

Violations of NASD Rules 8210 and 2110

Background

As part of its formal investigation, on February 5, 2007, the Division of Enforcement of NYSE Regulation, Inc. ("NYSE Enforcement") issued a request pursuant to NYSE Rules 476 and 477, that Walker provide a written explanation regarding the allegation of misappropriation and to provide certain information and documents. On February 15, 2007, Walker provided a letter answering some questions but refusing to provide other requested information and documents, including bank account information and documents. Walker qualified her refusal stating: "if . . . you can explain to me the need for this information I will gladly provide it."

On May 8, 2007, NYSE Enforcement sent a second letter pursuant to NYSE Rules 476 and 477, renewing its request for information and documents, and setting May 31, 2007 as the date for her on the record testimony ("OTR") via telephone. On May 31, 2007, Walker failed to appear for her testimony but sent an e-mail to NYSE Enforcement indicating she needed to "postpone [her testimony] for another day" because of a work conflict. In that e-mail, she also

asserted that she refused to provide the requested information and documents because NYSE Enforcement had not justified its requests.

On June 29, 2007, NYSE Enforcement sent Walker a third letter pursuant to NYSE Rules 476 and 477 requesting that she provide information and documents. In its letter, NYSE Enforcement requested that Walker "contact [NYSE Enforcement] on or before July 6, 2007 to arrange a date during the workweek in the month of July 2007 for [an OTR]." Walker failed to respond to NYSE Enforcement's June 29, 2007 request.

On July 13, 2007, NYSE Enforcement sent Walker a fourth letter pursuant to NYSE Rules 476 and 477, scheduling her OTR for July 25, 2007. On July 25, 2007, Walker failed to appear for her testimony and sent an e-mail to NYSE Enforcement that same day indicating that she would not participate in the OTR because she had been informed by her criminal attorney that: "any statement I make to you can be used against me in my criminal proceeding." Walker also failed to supply the previously requested information and documents.

Failure to Cooperate

As of July 30, 2007, the member firm regulation functions of NYSE consolidated with the NASD and began operating under a new corporate name, FINRA. After the consolidation, Enforcement sent Walker new requests for documents and testimony pursuant to NASD Rule 8210, since NYSE Rules 476 and 477 were not transferred to FINRA.

On September 20, 2007, Enforcement sent Walker a letter pursuant to NASD Rule 8210, to Walker's current address as reflected in the Central Registration Depository ("CRD Address") renewing its request for information and documents. The letter also requested that she appear telephonically for an OTR on October 4, 2007. This request was sent via regular first-class U.S.

mail to Walker's CRD Address and by electronic mail to Walker's electronic mail address.

Neither the U.S. nor electronic mail versions were returned as undeliverable. Walker failed to provide the requested information and documents as requested in Enforcement's September 20, 2007 request. She also failed to appear for her OTR.

On January 31, 2008, Enforcement sent Walker a second letter pursuant to NASD Rule 8210 to her CRD Address via U.S. certified mail return receipt requested and regular mail, renewing its request for information and documents. The request also requested that she appear for an OTR on February 14, 2008. The letter sent by certified mail was returned as unclaimed on February 25, 2007, but the letter sent by regular mail was not returned. On February 14, 2008, Walker's criminal defense counsel informed Enforcement that Walker would not provide sworn testimony as requested in Enforcement's letter of January 31, 2008 while her criminal matter was pending. On or about April 23, 2008, the criminal proceedings against Walker were terminated in her favor.

On May 21, 2008, Enforcement sent Walker a third letter pursuant to NASD Rule 8210 to her CRD Address via U.S. certified mail return receipt requested and regular mail, requesting that she provide information and documents by May 31, 2008, and that she appear telephonically for an OTR on June 5, 2008. According to the signed receipt, Walker received the letter on June 2, 2008. The letter sent via regular mail was not returned as undeliverable. Walker failed to provide any of the additional documents and information requested by Enforcement, and failed to appear for the telephonic OTR scheduled for June 5, 2008.

Based on the foregoing, Respondent violated:

1. NASD Rules 2330(a) and 2110 and IM-2310-2;
2. NASD Rules 3110 and 2110; and
3. NASD Rules 8210 and 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be barred from associating in any capacity with any FINRA member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


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