

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008014143701**

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

RE: Shellie L. Newton (CRD #2630770)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Shellie L. Newton ("Newton") 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 her alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Newton 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

Shellie L. Newton ("Newton") has worked in the securities industry since June 1995. She passed the Series 7 exam in August 1996, the Series 9 exam in December 1999 and the Series 10 exam in May 2001. During the period relevant to this AWC, August 16, 2007, through December 13, 2007, Newton worked as the Operations Manager for a branch of Wachovia Securities, LLC ("Wachovia") located in Bethesda, Maryland from February 2006 until her termination on December 13, 2007. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction until at least December 12, 2009.

OVERVIEW

Between August 16, 2007 and December 13, 2007, through her position as the firm's Operations Manager, Newton employed a scheme to misappropriate more than \$10,000 belonging to her employer. As Operations Manager, Newton

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deliberately made fictitious check deposit entries into her personal brokerage account outside of her member firm thereby creating artificial balances in the account. After creating these artificial balances, she transferred funds from the brokerage account into her personal bank account and then used the funds for her own personal use. By misappropriating money from her firm and employing the scheme to conceal insufficient funds in her account, Newton violated NASD Conduct Rule 2110. Moreover, by entering false deposits into her brokerage account at her member firm to effectuate her scheme thereby creating artificial balances in her firm's books and records, Newton caused the books and records of her firm to be false, and therefore violated NASD Conduct Rules 3110 and 2110.

FACTS AND VIOLATIVE CONDUCT

Misappropriation of the Firm's Funds

From August 16, 2007, through December 13, 2007 ("the relevant period"), Newton worked as the Operations Manager in the Bethesda, Maryland branch of her member firm. As the Operations Manager, Newton's responsibilities included ensuring that all checks received into the branch for deposit were properly recorded in the firm's system, providing approval for customers to access their funds once deposited, and delivering the physical checks received from customers to the firm's bank for deposit.

On August 16, 2007, Newton made a false deposit entry of \$6,400 into her brokerage account, thereby creating an artificial balance in the account. She immediately wired \$5,000 from the artificial balance in her account held at her member firm to her personal checking account outside of her member firm. Newton then used the funds for her personal purposes. On August 27, 2007, in an attempt to conceal the false \$6,400 deposit, Newton deposited a check for \$6,400 into the firm's bank account knowing at the time that her checking account lacked funds to cover the check. Her check was returned for insufficient funds on August 28, 2007.

On December 3, 2007, Newton entered a false \$8,000 deposit entry into her brokerage account, once again creating an artificial balance in the account. That same day, she drafted a \$4,000 check from her brokerage account made payable to herself and also made an online transfer of \$1,000 directly to her personal checking account. Newton used the \$5,000 for her personal purposes.

On December 14, 2007, in an attempt to cover up her misappropriations and inflate her artificial brokerage account balance, Newton used an ATM machine to make a deposit into her brokerage account. She intentionally entered the amount of the deposit as \$3,667.72; however, she included for deposit a check in the amount of only \$366.72. She knew that the difference between the amount entered and the check included for deposit was more than \$3,000.

Thus, Newton abused her position as the firm's Operations Manager to misappropriate more than \$10,000 from her member firm. She entered false deposit amounts into her brokerage account thereby creating artificial balances in that account, transferred money from the brokerage account to her personal checking account, and in turn used the funds for her own personal purposes. By misappropriating more than \$10,000 of her firm's funds and employing the scheme to conceal insufficient funds in her account, Newton violated NASD Conduct Rule 2110.

Causing the Firm's Books and Records to be False

As Operations Manager, Newton was responsible for ensuring that all customer checks deposited into her branch were processed correctly, including crediting deposited amounts into the customers' brokerage accounts and depositing customers' deposited checks into the firm's bank account. She personally entered the false amounts into her brokerage account thereby creating artificial balances in the firm's system. By knowingly entering fictitious deposit amounts into her brokerage account at the firm thereby creating artificial balances in it, Newton caused the firm's books and records to be false and therefore violated NASD Conduct Rules 3110 and 2110.

B. Newton also consents to the imposition of the following sanction:

A bar from the securities industry.

Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

Newton understands that if she is barred or suspended from associating with any FINRA member, she 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, she 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 Rules 8310 and 8311).

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against her;
- 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, Newton 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.

Newton 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

Newton 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 Newton; and

C. If accepted:

1. this AWC will become part of Newton's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Newton;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Newton'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. Newton 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. Newton 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. Newton may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Newton understands that she 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.

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

10/27/2009
Date

Shellie L. Newton
Shellie L. Newton

Accepted by FINRA:

11/3/09

Date

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

Susan Light

Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
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