

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

GERALDINE ANN WERT
(CRD No. 1739218),

RESPONDENT.

DISCIPLINARY PROCEEDING
No. 20080150864

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From on or about January 2005 through September 2008, Geraldine Wert ("Wert"), a former independent contractor of Financial Network Investment Corp. ("FNIC" or the "Firm"), converted approximately \$18,610 from an expense account (the "Expense Account") owned by her supervisors, SMS and SMJ (or collectively "the Ms") to pay for her own personal expenses in violation of NASD Rule 2110.
2. Additionally, between November 22, 2005 and June 27, 2007, Wert took approximately \$12,000 in unauthorized personal loans from the Expense Account in violation of NASD Rule 2110.
3. Between May 2001 and August 2008, Wert also forged SMS and SMJ's signatures on approximately 12 FNIC customer new account forms and advisory agreements without their authorization or knowledge in violation of NASD Rule 2110.

000055243 2010

4. Wert also failed to appear and provide testimony on September 10, 2009, as requested by Staff pursuant to FINRA Rule 8210 in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

5. Wert entered the securities industry in August 1987 with CSI, a former FINRA registered firm and became licensed as a financial and operations principal through a Series 27 examination in November 1988. Wert passed her Series 7 and 24 examinations in July 1995 and December 1997, respectively.
6. From August 1987 through January 1, 1992, Wert was registered with CSI. SMS owned CSI since the mid 1980's. On January 1, 1992, CSI merged with the Firm. Between January 1, 1992 to September 12, 2008, Wert was retained as an independent contractor for FNIC and worked as a registered representative, as well as an operations manager in Ms' branch office, which became an office of supervisory jurisdiction ("OSJ") for FNIC.
7. Although Wert has not been associated with a FINRA member firm since September 12, 2008, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date upon which she ceased to be associated with a FINRA member and (2) the Complaint charges her with misconduct committed while she was associated with a FINRA member and with failing to appear for on-the-record testimony during the two-year period after the date upon which she ceased to be associated with a FINRA member.

FIRST CAUSE OF ACTION
Conversion of Funds
Violation of NASD Rule 2110

8. The Department realleges and incorporates by reference paragraphs one through seven above.
9. The Ms were independent contractors retained by FNIC to perform certain compliance functions for the Firm. Pursuant to SMS' contract with FNIC, SMS was responsible for all expenses associated with their FNIC branch office.
10. The Ms maintained and funded an expense account to cover operating expenses associated with their FNIC branch office.
11. Wert, who was responsible for the Ms' back office operations, used Ms' Expense Account to pay for operating expenses incurred at the FNIC branch office. Between 1992 and August 2008, SMS and Wert each had signatory authority over checks issued from the Expense Account. In 2000, SMJ was also given authorization to write checks from the Expense Account. Wert however was solely responsible for reviewing and/or approving disbursements from the Expense Account.
12. From January 2005 through September 2008, Wert made approximately \$18,610 unauthorized disbursements from the Expense Account and converted these funds for her own personal use by writing checks from the account to pay for, among other things the mortgage payments on her home, automobile and homeowner's insurance, cable television / telephone expenses, and various credit card debts.
13. For example, between August 2006 and July 2008, Wert wrote approximately 16 checks totaling approximately \$588 from the Expense Account to pay cable television

expenses. Between February 2005 and March 2008, Wert wrote approximately seven checks totaling approximately \$5,984 for payments of her homeowners and automobile insurance policies. Additionally, from January 2005 through August 2006, Wert wrote approximately 20 additional checks totaling approximately \$1,346 in order to pay her personal telephone bills.

14. Neither SMS nor SMJ authorized or permitted Wert to issue checks totaling approximately \$18,610 from the Expense Account to pay for her personal expenses as described above.
15. The conversion of funds demonstrated by the acts, practices and conduct described above constitute a violation of NASD Rule 2110.

SECOND CAUSE OF ACTION
Misuse of Funds
Violation of NASD Rule 2110

16. The Department realleges and incorporates by reference paragraphs 1 through 15 above.
17. From on or about November 22, 2005 through June 27, 2007, Wert misused Ms' funds by taking a series of unauthorized personal loans from the Expense Account totaling approximately \$12,000.
18. Wert typically issued checks payable to herself, subsequently endorsed the checks and cashed/deposited the checks and used the funds her own personal use. Wert shortly thereafter repaid the unauthorized personal loans by making deposits into the Expense Account, typically in the same amounts as the checks she previously issued.

19. Wert wrote the following checks from and subsequently made the following deposits into the Expense Account:

Check Date	Check Payee Information	Check Amount	Expense Account Deposit Date	Expense Account Deposit Amount
November 22, 2005	Geraldine Wert	\$10,000	November 29, 2005	\$10,000
October 11, 2006	Cash	\$700	October 13, 2006	\$700
November 20, 2006	Geraldine Wert	\$200	November 29, 2006	\$200
December 15, 2006	Geraldine Wert	\$200	December 18, 2006	\$200
March 22, 2007	Geraldine Wert	\$100	March 29, 2007	\$100
April 16, 2007	Geraldine Wert	\$100	April 25, 2007	\$300
April 24, 2007	Geraldine Wert	\$200		
May 4, 2007	Geraldine Wert	\$300	May 23, 2007	\$300
May 31, 2007	Geraldine Wert	\$200	June 27, 2007	\$200
	Total	\$12,000		

20. Neither SMS nor SMJ authorized or permitted Wert to issue checks totaling approximately \$12,000 from the Expense Account to use as personal loans as described above.
21. The misuse of funds demonstrated by the acts, practices and conduct described above constitute a violation of NASD Rule 2110.

THIRD CAUSE OF ACTION
Forgery
Violation of NASD Rule 2110

22. The Department realleges and incorporates by reference paragraphs 1 through 21 above.
23. Between May 2001 and August 2008, Wert forged the Ms' signatures on at least 12 FNIC new account forms and advisory agreements without their authorization or knowledge. Wert forged SMS's signature on at least two investment advisory agreements. Wert also forged SMJ's signature on the new account forms of at least three 529 plan's and seven investment advisory agreements.
24. On or about May 10, 2001, Customer LK opened an investment advisory account with the Firm and Wert forged SMS's signature on the investment advisory agreement form for the account that same day.
25. On or about November 19, 2002, Customer JE opened an investment advisory account with the Firm. On or about November 22, 2002, Wert forged SMS's signature on the investment advisory agreement form for the account.
26. On or about November 5, 2005, Customer OP opened a 529 Plan with the Firm and Wert forged SMJ's signature on the new account form that same day.
27. On or about September 22, 2006, Customer AM opened an investment advisory account with the Firm and Wert forged SMJ's signature on the investment advisory agreement form for the account that same day.
28. On or about March 24, 2007, Customer CC opened a 529 Plan with the Firm. On or about March 28, 2007, Wert forged SMJ's signature on the new account form.

29. On or about May 17, 2007, Customers RB and CB opened an investment advisory account with the Firm. On or about May 18, 2007, Wert forged SMJ's signature on the investment advisory agreement form for the account.
30. On or about June 23, 2008, Customer EF Trust opened an investment advisory account with the Firm. On or about June 24, 2008, Wert forged SMJ's signature on the new account form.
31. On or about October 11, 2007, Customer SH opened an investment advisory account with the Firm and Wert forged SMJ's signature on the investment advisory agreement form for the account that same day.
32. On or about December 17, 2007, Customer HC opened an investment advisory account with the Firm and Wert forged SMJ's signature on the investment advisory agreement form for the account that same day.
33. On or about January 3, 2008, Customer TB opened an investment advisory account with the Firm and Wert forged SMJ's signature on the investment advisory agreement form for the account that same day.
34. On or about March 28, 2008, Customer JG opened a 529 Plan with the Firm. On or about April 1, 2008, Wert forged SMJ's signature on the new account form.
35. On or about June 23, 2008, Customer AB opened an investment advisory account with the Firm. On or about June 24, 2008, Wert forged SMJ's signature on the investment advisory agreement form for the account.
36. Neither SMS nor SMJ authorized or permitted Wert to sign their names to the new account forms and advisory agreements described above.

37. These acts, practices and conduct described above constitute separate and distinct violations of NASD Rule 2110.

FOURTH CAUSE OF ACTION
Failure to appear and provide testimony
Violation of FINRA Rules 8210 and 2010

38. The Department realleges and incorporates by reference paragraphs 1 through 37 above.

39. On August 14, 2009, Enforcement sent a FINRA Rule 8210 request letter to Wert at her last known address as listed on Central Registration Depository ("CRD") by certified mail, return receipt requested, and by first class mail, directing Wert to appear and provide testimony at the Department of Enforcement's 14 Wall Street, New York office on September 10, 2009 (the "August 14th Letter").

40. The certified mail receipt for the August 14th Letter, bearing what appears to be Wert's signature, was returned to Enforcement. The copy of the August 14th Letter sent by first class mail has not been returned to Enforcement.

41. On August 28, 2009, Wert sent an email to Staff notifying FINRA that she has retained counsel and that she would not appear and provide testimony on September 10, 2009.

42. On September 3, 2009 Enforcement sent Wert's counsel a letter (the "September 3rd Letter") stating that Wert was required pursuant to FINRA Rule 8210 to appear and provide testimony on September 10, 2009. A copy of the August 14th Letter was also included with the September 3rd Letter. On September 9, 2009, Staff contacted

Wert's counsel regarding her appearance for testimony. Wert's counsel informed the Staff that Wert would not appear and provide testimony on September 10, 2009.

43. On September 10, 2009, Wert failed to appear and provide testimony as required.
44. The acts, practices and conduct described above demonstrate Respondent's failure to cooperate with this investigation and constitutes a violation of FINRA Rules 8210 and 2010.

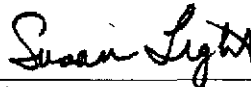
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 24, 2010



Susan Light, Senior Vice President & Chief Counsel
Richard Chin, Enforcement Director
Kevin Pogue, Senior Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005
Phone: (646) 315-7390
Facsimile: (202) 689-3463
kevin.pogue@finra.org