

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement

Complainant

v.

John Duncan Montfort
General Securities Representative
CRD No. 832458

Respondent

DISCIPLINARY PROCEEDING
No. 2008015172301

Hearing Officer: MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: April 4, 2011

INTRODUCTION

Disciplinary Proceeding No. 2008015172301 was filed on January 4, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA). Respondent John Duncan Montfort submitted an Offer of Settlement (Offer) to Complainant dated March 2, 2011. 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

John Duncan Montfort entered the securities industry in January 1977, when he associated with FINRA member firm Wells Fargo Advisors, LLC (f/k/a Wachovia Securities, LLC and A.G. Edwards & Sons, Inc.). Montfort remained at Wells Fargo until September 5, 2008, when he was discharged for "violation of firm policies and procedures." Since his termination from Wells Fargo, Montfort has not registered with another FINRA member firm. On January 5, 2009, Wells Fargo filed an amended Form U5, which disclosed a customer complaint that alleged, among other things, unauthorized trading, common law fraud, breach of fiduciary duty, churning, suitability, negligence and gross negligence, and violations of the Texas Deceptive Trade Practices Act. During his career in the securities industry, Montfort obtained Series 5, 7, 8, 15 and 63 licenses. He has no prior disciplinary history

Although Montfort has not been associated with a FINRA member firm since September 5, 2008, he 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 of January 5, 2009 - the date of the amendment to Montfort's Form U5, and (2) the Complaint charges him with misconduct committed while he was associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

CAUSE OF ACTION

(Discretionary Trading - NASD Conduct Rules 2510 and 2110)

During the period from January 2007 to May 2008, Montfort exercised discretion in the accounts of two customers.

Specifically, Montfort exercised 468 discretionary trades in the joint account of customers AV and KV, husband and wife. He also exercised 457 discretionary trades in the account of ML, a business entity owned by AV and KV.

Montfort did not obtain prior written authorization from the customers or written acceptance of the accounts as discretionary from Wells Fargo.

During the relevant time period, Wells Fargo did not permit discretion to be utilized in retail brokerage accounts.

Based on the foregoing, Respondent violated NASD Conduct Rules 2510 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 Montfort be suspended from association with any FINRA member in any capacity for a period of 30 days, and be assessed a monetary fine in the amount of \$5,000.

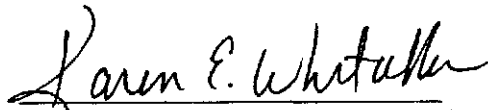
The fine shall be due and payable either immediately upon reassociation with a member firm following the 30-day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier

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

SO ORDERED.

FINRA

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

A handwritten signature in cursive script, reading "Karen E. Whitaker".

Karen E. Whitaker, Senior Regional Counsel
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