

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

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. This matter involves a registered representative who exercised discretion in the accounts of two customers without receiving prior written authorization from the customers or written acceptance of the accounts as discretionary by his employer member firm

RESPONDENT AND JURISDICTION

2. 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

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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

3. 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.

CAUSE OF ACTION

(Discretionary Trading - NASD Conduct Rules 2510 and 2110)

4. The Department realleges and incorporates by reference paragraphs 1-3, above.
5. During the period from January 2007 to May 2008, Montfort exercised discretion in the accounts of two customers.
6. 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.

7. Montfort did not obtain prior written authorization from the customers or written acceptance of the accounts as discretionary from Wells Fargo.
8. During the relevant time period, Wells Fargo did not permit discretion to be utilized in retail brokerage accounts.
9. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2510 and 2110 by John Duncan Montfort.

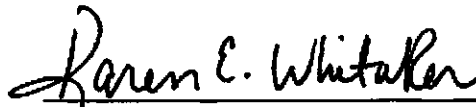
RELIEF REQUESTED

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: January 3, 2011



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