

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008016247401**

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

RE: Kenia Bailey, Respondent
Associated Person
CRD No. 4944448

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

From approximately January 2006 to July 2008, Kenia Bailey served as the executive assistant to a complex manager for Morgan Stanley & Co. Bailey worked in the firm's Washington, DC branch office. Bailey's duties included incurring and paying certain expenses of the branch office, purchasing the supplies for the branch, preparing and submitting the travel and expense requests for the complex manager and approximately four other senior branch employees, handling HR issues for the employees of the branch, and supervising the various interns working in the branch. Bailey resigned from Morgan Stanley on July 11, 2008. Bailey has no securities licenses and is not currently associated with a member firm.

OVERVIEW

Over the course of two years, beginning in early 2006, Bailey misappropriated approximately \$50,000 from Morgan Stanley, in the form of office supplies and gift cards. In addition, during that same time, Bailey fabricated documents to support expense reimbursement requests that she submitted to Morgan Stanley for branch expenses and expenses of the complex manager. This conduct violated NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

Because she had responsibility for purchasing office supplies for the Washington, DC Morgan Stanley branch, Bailey had access to Morgan Stanley's house account and charge card for an office supply store. Bailey used this access to purchase office supplies for the branch, as well as to purchase gift cards and cash debit cards. Beginning in 2006, she began using the house account and charge card to purchase gift cards and office supplies for her own use. To effect payment for these items, Bailey then submitted fabricated documents and invoices to Morgan Stanley's accounts payable department that made the personal charges appear as if they were branch expenses.

Bailey also had access to the corporate credit cards of approximately three to four managers within the branch, to pay for office supplies and other branch expenses. In several instances, Bailey used the cards to purchase personal items and then created fabricated receipts that made it appear as if the charges on the card were branch office expenses. Over the course of two years, Bailey misappropriated approximately \$50,000 from Morgan Stanley in this manner. Bailey's misappropriation of funds from Morgan Stanley violated NASD Conduct Rule 2110.

Bailey's duties at Morgan Stanley also included preparing and submitting travel and expense reimbursement request forms for the complex manager and other employees at the branch. Over the course of two years, Bailey fabricated invoices, receipts, and credit card statements and then submitted those fabricated documents in support of the complex manager's expense reimbursement requests. By creating and submitting fabricated documents to support expense reimbursement requests, Bailey violated NASD Conduct Rule 2110.

B. I also consent to the imposition of the following sanctions:

A bar from association with any member of FINRA in any capacity.

I understand that by consenting to a bar from associating with any FINRA member, I become 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, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions (see FINRA Rules 8310 and 8311).

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

I also agree to cooperate with FINRA Department of Enforcement in any further investigation and hearing relating to this matter, including, but not limited to, meeting with and being interviewed by FINRA Department of Enforcement, and testifying at any hearing, without the need for any request pursuant to Rule 8210.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. I 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. I 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.

I certify that I have and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

5-14-10

Date:

Kenia J. Bailey

Kenia Bailey
Respondent

Accepted by FINRA:

5/26/10

Date

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

Thomas B. Lawson

Thomas B. Lawson
Vice President & Chief Counsel
FINRA Department of Enforcement
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Washington, DC 20006
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