

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20090201717-01

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

RE: Wells Fargo Advisors, LLC, Respondent
Broker/Dealer
CRD No. 19616

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, Wells Fargo Advisors, LLC ("the firm") 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 the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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

The firm has been a member of FINRA since July 9, 1987,¹ and its registration remains in effect. The firm has no prior relevant disciplinary history.

SUMMARY

In Review No. 20090201717, the Fixed Income Group staff of FINRA's Department of Market Regulation ("the staff") conducted a Municipal Bond Best Execution Review for the review period January 1, 2009 through March 31, 2009.

In Review No. 20110277060, the staff conducted an Agency Bond Fair Pricing Review for the review period January 1, 2011 through March 31, 2011.

¹ The firm formerly transacted business under the name Wachovia Securities, LLC until May 11, 2009.

FACTS AND VIOLATIVE CONDUCT

As a result of the reviews described above, FINRA staff found the following:

20090201717

1. During the review period January 1, 2009 through March 31, 2009, in seven transactions, the firm bought or sold municipal securities for its own account from a customer and/or sold municipal securities to a customer at an aggregate price (including any mark-up or mark-down) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

20110277060

2. During the review period January 1, 2011 through March 31, 2011, in six pairs of transactions, the firm sold agency bonds to its customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each at the time of the transaction, the expense involved, and that the firm was entitled to a profit. The transactions are identified on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010.

B. The firm also consents to the imposition of the following sanctions:

- A censure;
- A fine of \$20,000 (\$10,000 for the MSRB Rule G-17 and G-30 violations cited in Review No. 20090201717 and \$10,000 for the FINRA Rule 2010 violations cited in Review No. 20110277060); and
- An order to pay restitution to the firm's customers, for the transactions described in paragraphs I.A.1. and I.A.2. above and listed in the attached Exhibit A, in the total amount of \$8,660.93,² plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council ("NAC"). A registered principal of the firm shall submit satisfactory proof of payment of the

² The firm has already paid full or partial restitution for three of the transactions in Exhibit A (Item Nos. 2, 3 and 6).

restitution, or of reasonable and documented efforts undertaken to effect restitution, to the **COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850** or in an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, no later than 120 days after acceptance of this AWC. If for any reason Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against the firm;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm 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.

The firm 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

The firm understands that:

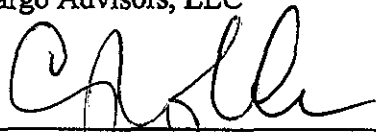
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm;
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm'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. The firm 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. The firm 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 the firm's: (i) testimonial obligations or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it 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.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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 the firm to submit it.

12/2/13
Date

Respondent
Wells Fargo Advisors, LLC

By: 

Name: Craig Noble

Title: SVP/MD


Nicholas T. Chagakis
Wells Fargo and Company Law Department
Counsel for Respondent

Accepted by FINRA:

December 20, 2013
Date

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


James J. Nixon
Chief Counsel
Department of Market Regulation

Wells Fargo Advisors, LLC. ("WRET")
Matter Nos. 20090201717 and 20110277060

Exhibit A

Matter No. 20090201717 - 1Q09 Municipal Best Execution																
Item No.	Date	CUSIP ID	Quantity	Contra*	Trade Time	Trade Price	Firm	Suggested Restitution	Restitution Paid	Restitution Still Owed						
1	1/23/2009	235036FW5	25	C (S)	10:39:58	73.00	WRET	\$ 200.95	\$ -	\$ 200.95						
2	2/6/2009	558902CG7	10	C (B)	14:00:45	100.00	WRET	\$ 800.00	\$ 800.00	\$ -						
3	2/2/2009	556902CG7	5	C (B)	10:57:52	100.00	WRET	\$ 400.00	\$ 400.00	\$ -						
4	3/2/2009	59333PAW8	10	C (B)	14:55:06	93.75	WRET	\$ 570.38	\$ -	\$ 570.38						
5	2/26/2009	59333PEJ3	35	C (B)	14:39:10	81.71	WRET	\$ 703.50	\$ -	\$ 703.50						
6	2/26/2009	59333PEJ3	15	C (B)	15:17:37	84.90	WRET	\$ 778.43	\$ 478.50	\$ 300.93						
7	3/4/2009	59333PEJ3	50	C (B)	11:00:15	83.39	WRET	\$ 1,845.09	\$ -	\$ 1,845.09						
TOTAL:								\$ 5,299.33	\$ 1,678.50	\$ 3,620.83						
Matter No. 20110277060 - 1Q11 Agency Fair Pricing																
Item No.	Date	CUSIP ID	Issue	Quantity	Contra 1*	Trade 1 Time	Trade 1 Price	Firm	Contra 2*	Trade 2 Time	Trade 2 Price	Markup	Time Diff.	Profit	Restitution	
8	1/25/2011	3136FP5P8	FNMA.GQB	100	B-D (S)	12:55:05	99.8	WRET	C (B)	12:55:52	102.005	2.21%	0:00:47	\$ 2,205.00	\$ 487.00	
9	2/9/2011	3134G1PT5	FMCC.FWM	135	B-D (S)	13:42:23	98.3	WRET	C (B)	13:40:28	100.457	2.19%	0:01:55	\$ 2,911.95	\$ 1,293.30	
10	2/17/2011	3136FPP92	FNMA.JQD	500	B-D (S)	13:49:58	98.186	WRET	C (B)	13:43:41	100.825	2.69%	0:06:17	\$13,195.00	\$ 2,640.00	
11	3/9/2011	31331JX81	FFCD.BMO	70	B-D (S)	14:49:34	92.195	WRET	C (B)	14:53:44	94.881	2.70%	0:04:10	\$ 1,740.20	\$ 352.80	
12	3/18/2011	3133F4S36	FMCC.DXK	50	B-D (S)	14:48:05	100.094	WRET	C (B)	14:49:36	102.35	2.25%	0:01:31	\$ 1,128.00	\$ 267.00	
TOTAL:															\$ 5,040.10	
* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.																