FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Bambi Iris Holzer (CRD No. 1088028) Respondent.	DISCIPLINARY PROCEEDING No. 2010021778101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between February and March 2008, Respondent Bambi Holzer made unsuitable recommendations to seven customers to purchase interests in Provident Shale Royalties 8, LLC (Provident 8), which was a speculative and illiquid investment. The purchases also resulted in undue concentration of high risk private placement securities in the customers' accounts. This conduct violated NASD Rules 2310 and 2110.

2. In the course of obtaining supervisory approval of the Provident 8 transactions in March 2008, Holzer submitted to her firm net worth information for six of these customers, which Holzer knew or should have known to be false. Holzer understood that this information would be relied upon by the firm in the course of its supervisory review and approval or rejection of the proposed transactions. This conduct violated NASD Rule 2110.

3. Separately, between April 2010 and August 2012, while registered with two FINRA-member firms, Holzer willfully failed to disclose on her Form U4 a pending regulatory

action and a customer investment-related arbitration award and judgment. This conduct violated FINRA Rules 1122 and 2010 and Article V, Section 2 of the FINRA Bylaws.

4. During the course of FINRA's investigation of the foregoing conduct, Holzer provided false testimony during on-the-record interviews (OTRs) between April and September 2012, in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

5. Holzer entered the securities industry in 1981 and first became registered in April 1983. From 1983 to 1989, she was registered with several FINRA member firms. From October 2003 to June 2007, she was registered with Brookstreet Securities Corp. (Brookstreet) as a General Securities Representative and as an Investment Advisor Representative. From on or about June 22, 2007 and March 30, 2011, Holzer was registered with Wedbush Securities Inc. (WSI) as a General Securities Representative and as an Investment Advisor Representative. In or about March and April 2010, she dually was registered with Sequoia Equities Securities Corp. From on or about May 6, 2011 to August 22, 2013, Holzer was registered with Newport Coast Securities, Inc. (NCS). On September 18, 2013, FINRA suspended Holzer's registration, pursuant to Article VI, Section 3 of the FINRA By-Laws and the FINRA Rule 9510 series, for failing to comply with a settlement agreement related to a customer-initiated arbitration.

6. Although Holzer currently is not registered or associated with a FINRA member, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because the Complaint was filed within two years after the effective date of termination of Respondent's registration with NCS, namely, August 21, 2013.

FACTUAL BACKGROUND REGARDING UNSUITABLE RECOMMENDATIONS

Provident Shale Royalties 8, Inc.

7. In or about January 2008, Provident Royalties, LLC (Issuer), commenced an offering of private placement securities known as Provident 8 to accredited investors, pursuant to Regulation D. It involved a sale of preferred shares by a corporation with no prior operating history, assets or cash flow, which purportedly intended to acquire sub-surface mineral interests. Although dividends accrued at a rate of 1.5 percent per month (18 percent per annum), there was no assurance that the Issuer would have adequate cash flow to make the payments. Moreover, the investment was illiquid, involved a high degree of risk and, as the private placement memorandum (PPM) explained, was "suitable only for persons of substantial financial means who [had] no need for liquidity in their investment and who [could] afford the entire loss of their investment in the Preferred Stock." The PPM further disclosed that "a prospective investor should not purchase the Preferred Stock to provide current income payments or to meet current income requirements."

8. In or about January 2008, WSI entered into a selling agreement with Provident 8. In or about that time, Holzer, with knowledge of the risks, began recommending Provident 8 to customers. For each Provident 8 transaction, Provident paid WSI a commission of eight percent and a due diligence fee of one percent of the total investment, of which WSI paid Holzer 100 percent of the commission.

9. In mid-February 2008, WSI's Investment Review Committee (IRC) commenced further review of Provident 8. As a result, between mid-February and mid-March 2008, WSI held for further review certain of Holzer's recommended transactions, including the recommended transactions for customers JEU, JJ, KK, and PH. At or about that time, the WSI

IRC instituted requirements that Provident 8 investments comprise no more than 5% of a customer's liquid net worth and that all potential Provident 8 investors have a liquid net worth of at least $5 million. After Holzer protested that the increased suitability requirements were too restrictive, WSI amended the net worth requirement to at least $5 million in total net worth, but the requirement of no more than 5% of liquid net worth remained in place. For Provident 8 transactions recommended in or after January and not yet approved, WSI required Holzer to submit for each proposed investor a signed Disclosure Document that purported to set forth the dollar amount of the customer's total and liquid net worth.

10. On Holzer's direction and based upon information provided by Holzer, Holzer's staff inserted the net worth and liquid net worth figures on the Disclosure Documents. Holzer approved and authorized the submission of the signed Disclosure Documents to WSI supervisors in connection with WSI's supervisory review and approval of Holzer's recommended transactions in Provident 8. Holzer was aware that WSI supervisors would and did rely on the representations on the Disclosure Documents in the course of determining whether to approve and the amounts of customer transactions in Provident 8.

11. In January 2009, Provident ceased paying dividends on its preferred shares, including Provident 8. On July 2, 2009, the U.S. District Court for the Northern District of Texas granted a Temporary Restraining Order sought by the Securities and Exchange Commission against Provident Royalties, LLC (Provident, the parent organization) and its affiliated entities, based on allegations that Provident was commingling assets and investor funds. In September 2009, the Provident related entities, including Provident 8, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. As a result, the customers' investments made in Provident 8 upon Holzer's recommendation became worthless.

Holzer's Recommendations to Certain Customers to Purchase Provident 8

Customer FR

12. In February 2008, FR was an 86 year-old widow; she is now deceased. FR's investment objectives were income and preservation of principal. In particular, FR and her son-in-law JM, told Holzer that FR's cash was to be invested conservatively so that she would have income and also have funds available to pay her bills. Because her investment portfolio did not generate sufficient income to meet her needs, FR also received financial support from her daughter and JM.

13. On or about February 8, 2008, Holzer recommended to FR that she invest $150,000.00 in Provident 8. At that time, FR had a total net worth of approximately $2,177,000, of which approximately $1,500,000 represented the value of her home, and approximately $677,000 was held in her WSI brokerage account and a Rollover IRA in liquid investments. At or about the same time, Holzer recommended that FR invest $200,000 in Commonwealth Income and Growth Fund VI, a direct participation program (DPP), and $100,000 in Jones Media Group subordinated unsecured notes, a private placement.

14. At the time that Holzer recommended to FR that she invest $150,000 in Provident 8, Holzer was aware of the assets in FR's trust account and qualified account, and she knew that FR depended upon the assets in her investment accounts to support herself. Holzer recommended that FR invest in Provident 8 even though the product was not suitable for investors such as FR who needed liquidity, income, and who could not withstand the total loss of the investment. Holzer's recommendation to FR that she purchase Provident 8 also resulted in

undue concentration of illiquid investments in FR's portfolio. Holzer received a $12,000 commission on the sale of Provident 8 to FR.

Customer JJ

15. In February 2008, JJ was an unemployed, divorced homemaker with three minor children. In or about 2000, JJ received a divorce settlement of approximately $1,900,000, which she turned over to Holzer to invest for income to support her family and for her retirement. Between 2003 and 2008, JJ supplemented child support payments with withdrawals of principal and interest income from her individual account. Her individual investment account generated about $50,000 per year in interest income. In addition, JJ was withdrawing between $15,000 and $20,000 in cash per month in the first half of 2008 for living expenses. From the time she met Holzer until she closed the accounts, JJ's investment objectives always were income and preservation of principal.

16. On or about February 1, 2008, Holzer recommended to JJ that she invest $350,000 in the Provident 8 offering. At that time, JJ had a total net worth of approximately $2,300,000, comprising her home equity of approximately $900,000, approximately $50,000 to $100,000 she kept in a bank account, and her investment accounts, valued at approximately $1,300,000. At that time, JJ's liquid net worth was approximately $1,400,000.

17. At the time that Holzer recommended to JJ that she invest $300,000 in Provident 8, Holzer was aware of the assets in JJ's individual account and qualified account, and she knew that JJ depended upon the assets in her investment account to support herself and her three children. Holzer recommended that JJ invest in Provident 8 even though the product was not suitable for investors such as JJ who needed liquidity, income, and who could not withstand the

total loss of the investment. Holzer's recommendation of Provident 8 to JJ also resulted in undue concentration of illiquid investments in JJ's portfolio.

18. In February 2008, Holzer submitted JJ's Provident 8 subscription document, which reflected a net worth of $3,000,000. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for JJ, which falsely reflected a total net worth of $5,000,000 and a liquid net worth of $2,285,000. Holzer knew or should have known that JJ's Disclosure Document was inaccurate and that it overstated JJ's net worth and liquid net worth. Based on the information reflected in the Disclosure Document, WSI reduced Holzer's recommended investment in Provident 8 by JJ from $350,000 to $125,000. Holzer processed a purchase of Provident 8 by JJ in the amount of $125,000. Holzer received a $10,000 commission on the sale of Provident 8 to JJ.

Customer JEU

19. In 2000, JEU's husband passed away; she was 44 years old and had two minor children. The husband's estate, valued between approximately $4 and $5 million, was held in two qualified accounts, a trust account, and two small custodial accounts for the two minors. In 2002, when her husband's estate settled, JEU left her job as an assistant academic dean in communications. At that time, upon the recommendation of another broker, JEU invested her husband's estate proceeds in blue-chip equities and corporate bonds. Between 2002 and 2009, JEU was unemployed and relied upon income from the trust's investment portfolio to support herself and her sons.

20. In June 2006, JEU transferred her brokerage accounts to Holzer; the accounts were valued at approximately $4.2 million. When JEU opened a trust account with Holzer at Brookstreet, she listed her primary investment objectives as preservation of capital and income,

with a moderate risk tolerance. In June 2006, Holzer was aware of JEU's need for income and preservation of assets to support herself and her children. Holzer further was aware that JEU's need for income did not change between 2006 and mid-2007 when Holzer transferred JEU's account to WSI. Between June 2006 and May 2007, while registered with Brookstreet, Holzer recommended that JEU sell blue chip equities and corporate bonds and invest the proceeds in mutual funds, private placements and DPPs; JEU followed Holzer's recommendations. As a result, in less than one year, Holzer recommended and JEU invested approximately $2,050,000 in illiquid high risk products, as follows: $600,000 Jones Media Group subordinated unsecured notes, a private placement; $350,000 Behringer Harvard REIT I, Inc., a non-traded real estate investment trust (REIT); $200,000 Commonwealth Income and Growth Private Fund III, LLC, a DPP; $500,000 Behringer Harvard Strategic Opportunity Fund II, LP, a private placement; and $400,000 Commonwealth Income & Growth Private Fund II, LLC, a DPP.

21. On or about February 20, 2008, Holzer met with JEU and recommended that she liquidate her UIT and invest $300,000 in Provident 8. At that time, JEU had a total net worth of approximately $7 million, comprising her home, valued at approximately $3 million, and her WSI investment accounts, valued at approximately $4 million. JEU had a liquid net worth of approximately $2 million. The remainder of JEU's investment portfolio, approximately $2,050,000, was illiquid. In February 2008, Holzer was aware of the assets in JEU's trust account and qualified accounts, and she knew that JEU depended upon the assets and income thereon in her trust account to support herself and her two sons, including payments for the mortgage on the family home and school tuition.

22. Holzer recommended that JEU invest in Provident 8 even though the product was not suitable for investors such as JEU who needed liquidity or income or who could not withstand the total loss of the investment, and even though Holzer knew that in the prior year,

she had recommended and JEU had invested approximately $2 million of her $3.3 million trust account portfolio in illiquid and high risk products. Holzer's recommendation of Provident 8 to JEU also resulted in undue concentration of illiquid investments in JEU's portfolio.

23. In February 2008, Holzer submitted JEU's trust account Provident 8 subscription document, which reflected a net worth for the trust of $5,000,000. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for JEU's trust account, which falsely reflected a total net worth of $10,000,000 and a liquid net worth of $4,000.000. Holzer knew or should have known that JEU'S Disclosure Document was inaccurate and that it overstated JEU's net worth and liquid net worth. Based on the false information reflected in the Disclosure Document, WSI approved JEU's investment of $300,000 in Provident. Holzer received a $24,000 commission on the sale of Provident 8 to JEU.

Customer PH

24. PH was a personal acquaintance of Holzer. In about 2007, following her divorce, PH agreed to allow Holzer to review her investment portfolios that PH had invested with an investment advisor money manager consisting of proceeds of her divorce settlement, approximately $2,500,000. Holzer was aware at that time that those assets and PH's home, valued at approximately $690,000, represented PH's total net worth of approximately $3,200,000. PH was in her mid-50s, and was supporting two minor children by working part-time as a physician.

25. When PH began working with Holzer, she told Holzer that her investment goal was growth with moderate risk. PH told Holzer that she needed to invest her assets so that funds were available to support her children through private school and college and to provide for her retirement. At the time, PH's assets were invested in blue chip and growth stocks and Georgia

municipal bonds. Holzer told PH that her funds were invested poorly, that Holzer could make PH a better return by investing her funds in private placements and that, as a favor, she would not charge PH commissions. PH transferred her individual account to Holzer at Brookstreet, and then followed Holzer to WSI. PH never indicated to Holzer that she was willing to invest in speculative investments.

26. Notwithstanding PH's investment goal for growth with moderate risk, Holzer recommended that PH liquidate a substantial proportion (approximately 65 percent) of her existing stock portfolio and make large investments in illiquid and speculative securities. In or about 2007, Holzer recommended that PH sell-off a substantial amount of the stocks in her individual portfolio, and invest the proceeds of approximately $800,000.00 in three illiquid and speculative private placements: $300,000 in Bob West Gas Fund, L.P.; $250,000 in Commonwealth Income & Growth Private Fund II, LLC; and $250,000 in Jones Media Group subordinated unsecured notes. On or about January 24, 2008, in the individual account, Holzer recommended to PH that she invest $300,000 in Behringer Harvard REIT I, Inc., a non-traded REIT. In January and February 2008, PH transferred to Holzer her Rollover IRA, valued just under approximately $550,000. The account was invested in blue chip stocks, valued at approximately $240,000, and cash of approximately $300,000.

27. On or about January 24, 2008, Holzer recommended that PH sell the stock and invest $250,000 in Provident 8 in the Rollover IRA. At that time, PH had a total net worth of approximately $3,420,000 million, comprising her home, valued at approximately $690,000, and her investment accounts, valued at approximately $2,730,000.00. PH had a liquid net worth of approximately $1,931,000.

28. At the time that Holzer recommended to PH that she invest in Provident 8, Holzer was aware of the assets in PH's individual account and qualified account. Holzer knew that in

the prior year, she had recommended and PH had invested approximately $800,000 in illiquid and high risk products, and that she concurrently recommended another $300,000 in a risky, illiquid non-traded REIT, Behringer Harvard REIT I, Inc. In addition, on or about March 17, 2008, Holzer recommended that PH invest $200,000 in IMH Secured Loan Fund, LLC, a private placement in short-term mortgage loans, in her Rollover IRA. Holzer knew that PH depended upon the assets in her investment account to support herself and her two children. Holzer recommended that PH invest in Provident 8 even though the product was not suitable for investors such as PH who needed liquidity or who could not withstand the total loss of the investment. Holzer's recommendation of Provident 8 to PH also resulted in undue concentration of illiquid investments in PH's portfolio.

29. In February 2008, Holzer submitted PH's Provident 8 subscription document to WSI. It reflected a net worth of $3,000,000. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for PH's trust account, which falsely reflected a total net worth of $10,000,000 and a liquid net worth of $5,250,000. Holzer knew or should have known that PH's Disclosure Document was inaccurate and that it overstated PH's net worth and liquid net worth. Based on the false information reflected in the Disclosure Document, WSI approved PH's purchase transaction of $250,000 in Provident. Holzer received a $20,000 commission on the sale of Provident 8 to PH.

30. As a result of the recommended transactions in PH's individual and Rollover IRA, in less than one year, Holzer recommended and PH invested approximately $1,550,000, or approximately 60 percent of PH's investment assets, in illiquid high risk products. As a result of the transactions recommended and executed by Holzer in 2007 and early 2008, PH's investment portfolio became unduly concentrated in highly speculative and illiquid products. Of these, approximately $1,300,000 did not perform and lost significant value. As a result, PH has

returned to work full-time to increase her earnings in an attempt to recover from her losses stemming from Holzer's investment recommendations.

Customer KK and KW

31. KK and his wife KW first met Holzer in or around 1999, when KK was about 63 years old, employed as a manager, and nearing retirement. The couple's investment goals were preservation of capital and conservative growth, and their risk tolerance was low.

32. Notwithstanding their conservative goals, Holzer recommended illiquid investments, some of which were risky. In the 1990s, KK and KW sold real property and gave Holzer approximately $1.5 million to invest; the funds were to be the cornerstone of the couple's financial planning and provide financial security for them to retire. On Holzer recommendation, KK purchased a variable annuity and understood that the funds would earn seven percent and double in value in ten years with no risk. This feature, however, applied only upon death; during KK's life, the funds were at market risk. In or around 2005, KK sold an office building and gave Holzer the proceeds of approximately $600,000 to invest; Holzer invested all of the funds in a non-traded real estate investment trust (REIT), which has since been valued on WSI account statements at purchase price.

33. On or about February 13, 2008, Holzer met with KK and his wife and recommended that they liquidate a floating rate fund in KK's IRA and invest $300,000 in Provident 8. KK and his wife initially agreed with the recommendation, but very quickly reduced the proposed investment to $150,000. At that time, KK and KW had a net worth of approximately $5,000,000, comprising their home, valued at approximately $2.4 million, and a WSI living trust account and an IRA investment account, jointly valued at approximately $2,563,000. At that time, their liquid net worth was approximately $2,000,000.

34. At the time that Holzer recommended to KK and KW that they invest in Provident 8, Holzer was aware of the assets in KK's and KW's trust account and KK's qualified account. Holzer recommended that KK and his wife invest in Provident 8 even though the product was not suitable for investors like them who needed liquidity or income or who could not withstand the total loss of the investment. Holzer's recommendation of Provident 8 to KK and KW also resulted in undue concentration of illiquid investments in their portfolio.

35. In February 2008, Holzer submitted KK's and KW's Provident 8 subscription document, which reflected that KK and KW had a net worth of $5,000,000. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for KK and KW, which falsely reflected a total net worth of $7,000,000 and a liquid net worth of $2,800,000. Holzer knew or should have known that KK's Disclosure Document was inaccurate and that it overstated KK's and KW's net worth and liquid net worth. Based on the information reflected in the Disclosure Document, WSI approved KK's and KW's investment of $150,000 in Provident. Holzer received a $12,000 commission on the sale of Provident 8 to KK and KW.

36. As a result of Holzer's concentration of KK's and his wife's assets investments in illiquid and risky investments as they were nearing retirement, KK and his wife recently sold their home to make up for losses and illiquid investments resulting from Holzer's recommendations.

Customer JM

37. JM was 61 years old at time Holzer recommended that he invest $250,000 in Provident 8. JM, a physician, is a conservative investor to whom liquidity is important. His investment goals were preservation of capital and conservative growth, and his risk tolerance was low. While he was interested in long-term investing, he was not willing to speculate with

his capital and was not interested in speculative investments. Holzer held and managed JM's entire investment portfolio from 2002 until he closed his accounts in 2010, after suffering large losses from products Holzer recommended. In 2008, JM also held a partial interest in apartment buildings that suffered from negative cash flow and declining values, which Holzer was aware he was supporting with cash infusions. Notwithstanding his conservative goals, over the years Holzer recommended to JM that he invest large sums in investments that were illiquid and often speculative, although JM did not understand that until much later when many of speculative products failed or failed to perform.

38. On or about February 4, 2008, Holzer recommended to JM that he invest $250,000 in Provident 8. At that time, JM had a net worth of approximately $10,000,000, mostly comprising his home, valued at approximately $4 million, and his WSI trust account, Rollover IRA, and pension account, with an aggregate value of approximately $5,000,000, and his partial interest in apartment buildings. At that time, his liquid net worth was approximately $2,625,000. Investments, valued at approximately $2,450,000, were held in the trust account in illiquid investments and speculative private placements that Holzer had recommended.

39. At the time that Holzer recommended to JM that he invest $250,000 in Provident 8, Holzer was aware of the positions in JM's accounts and that JM's investment objectives for the investment portfolio held at WSI were preservation of capital, conservative growth, and liquidity.

40. Holzer recommended that JM invest in Provident 8 even though the product was not suitable for investors like JM whose investment objectives were liquidity, safety, conservative growth and preservation of capital. Holzer's recommendation of Provident 8 to JM also resulted in undue concentration of illiquid investments in JM's portfolio.

41. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for JM, which accurately reflected a total net worth of $10,000,000, and falsely reflected a liquid net worth of $5,603,000. Holzer knew or should have known that JM's Disclosure Document was inaccurate and that it overstated JM's liquid net worth. Based on the information reflected in the Disclosure Document, WSI approved JM's investment of $250,000 in Provident. Holzer received a $20,000 commission on the sale of Provident 8 to JM.

42. As a result of Holzer's concentration of JM's investments in illiquid and risky investments as he is nearing retirement and the resulting large losses, JM's investment objective has become preservation of capital and he has adjusted his investments to cash and cash equivalents.

FACTUAL BACKGROUND REGARDING FORM U4 DISCLOSURES

Form U4 and Relevant Queries

43. Article V, Section 2(c) of the FINRA By-Laws require that registrations filed with FINRA be kept current at all times and that amendments must be filed with FINRA "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 provides, "No member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

Regulatory Action Disclosure Queries

44. Question 14(D)(1) on Form U4 states: "Has any other ... state regulatory agency ... ever: (a) *found* you to have made a false statement or omission or been dishonest, unfair or unethical?; (d) entered an *order* against you in connection with an *investment-related* activity?;

(e) denied, suspended, or revoked your registration or license or otherwise, by *order*, prevented you from associating with an *investment-related* business or restricted your activities?

45. Question 14(D)(2) on Form U4 states: "Have you been subject to any *final order* of a ... state insurance commission... that: (a) bars you from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities [or] insurance; or (b) constitutes a *final order* based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

46. Question 14(G) on Form U4 states: "Have you been notified, in writing, that you are now the subject of any: (1) regulatory complaint or proceeding that could result in a "yes" answer to any part of 14C, D or E?; (2) *investigation* that could result in a "yes" answer to any part of 14A, B, C, D, or E?" If the answer is "yes" to either sub-part of Question 14(g), Form U4 instructs the person to complete the relevant disclosure reporting page.

Customer Complaint/Arbitration/Civil Litigation Queries

47. Question 14(l) on Form U4 states: "Have you ever been named as a respondent/defendant in an *investment-related,* consumer-initiated arbitration or civil litigation which alleged that you were *involved* in one or more *sales practice violations* and which: (a) is still pending, or; (b) resulted in an arbitration award or civil judgment against you, regardless of amount...?"

Holzer's Initial Forms U4

48. On or about June 22, 2007, Holzer completed and submitted an Initial Uniform Application for Securities Industry Registration or Transfer (Form U4) to apply for registration with FINRA through WSI.

49. On or about February 17, 2011, Holzer completed and submitted an Initial Form U4 to NCS to apply for registration with FINRA. On or about March 30, 2011, NCS submitted Holzer's initial Form U4 to FINRA.

Reportable Item – 2010 California DOI Proceeding

50. From in or about May 1984 to December 2007, Holzer was the holder of a license issued by the Insurance Commissioner of the State of California to act as a life agent. On or about January 1, 2008, Holzer's California life agent license was converted to a life-only agent license and an accident and health agent license. From on or about June 20, 1984, to the present, Holzer has been registered with the Insurance Commissioner of the State of California to transact variable contracts.

51. On or about April 28, 2010, the California Department of Insurance (DOI) initiated a regulatory action and issued an Accusation in the Matter of the Licenses and Licensing Rights of Bambi Iris Holzer, File No. LA 15695-A (2010 DOI Action). Service of process was accomplished by certified mail to Holzer's residence address, , which also was her CRD address at the time (CRD Address), and by certified mail to Holzer's office address, (Office Address). Holzer received the Accusation. The Accusation alleges that, on or about June 3, 2005, Holzer executed a Letter of Acceptance Waiver and Consent (AWC) with NASD, Inc., the predecessor of FINRA, which was accepted on or about June 17, 2005. The Accusation alleged that, based upon the AWC, Holzer violated Sections 1668 (b), (i), (j), (k), and (l) of the California Insurance Code (CIC). The Accusation seeks an Order revoking Holzer's California insurance licenses and licensing rights described above in paragraph 50.

52. On or about October 3, 2011, the California DOI issued and served a First Amended Accusation in the 2010 DOI Action. Service of process was accomplished by certified

mail to Holzer's Office Address and by fax to Holzer's counsel. Holzer received the First Amended Accusation. The First Amended Accusation alleged that, on or about June 3, 2005, Holzer executed the NASD AWC. In addition to the allegations contained in the Accusation, the First Amended Accusation further alleged that Holzer violated Sections 1668(d) (suspension by licensing authority) and Section 1668(f) (not of good business reputation) of the CIC, and that she failed to notify the commissioner, in writing, within 30 days of the date that Holzer learned of the NASD AWC, in violation of Section 1729.2 (a), (c)(2), and (d) of the CIC. The First Amended Accusation seeks an Order revoking the licenses and rights described above in paragraph 50.

53. On or about February 27, 2012, the California DOI issued and served a Second Amended Accusation in the 2010 DOI Action. Service of process was accomplished by certified mail to Holzer's Office Address and by fax to Holzer's counsel. Holzer received the Second Amended Accusation. The Second Amended Accusation alleged that, on or about June 3, 2005, Holzer executed the NASD AWC. The Second Amended Accusation alleged that, based upon the AWC, Holzer violated Sections 1668 (b), (i), (j), (k), and (l) of the CIC. The Second Amended Accusation seeks an Order revoking the licenses and rights described above in paragraph 50.

54. On or about May 25, 2012, the California DOI conducted an administrative hearing regarding the 2010 DOI Action. During the hearing, Holzer asserted that it was customary in the broker-dealer industry for the employer to notify regulatory authorities of any reportable items and that she relied on the firms with which she was registered to do so. On or about August 30, 2012, the Insurance Commissioner issued a Decision and Order Adopting Proposed Decision, under file number OAH No. L-2040050848. The Order included findings of fact and law that cause existed to suspend Holzer's license pursuant to CIC Section 1668(f)

because Holzer was disciplined by NASD, a licensing authority, and CIC Section 1668(l) and 1729.2, because Holzer failed to report the NASD suspension to the DOI. The Order further found that Holzer had no excuse for her failure to report and had a non-delegable duty to comply with the statutes governing her California insurance licenses. The Order suspended all insurance licenses, licensing rights and registrations of Holzer for 20 days; stayed the suspension; and, ordered the issuance of restricted licenses and registrations for one year, pursuant to CIC Section 1742.

55. The 2010 DOI Action constitutes a regulatory complaint or proceeding that "could" result in a "yes" answer to part of Form U4 Question 14D.

56. From on or about April 28, 2010 to March 30, 2011, *i.e.,* from the time Holzer was served with the Accusation issued in the 2010 DOI Action to the termination of her registration with WSI, Holzer willfully failed to amend her Form U4 to disclose the 2010 DOI Action to WSI.

57. During this period, through WSI, Holzer submitted eight Amended Forms U4 in which she disclosed various reportable items but did not disclose the 2010 DOI Action.

58. Holzer willfully failed to complete accurately the eight Forms U4 described in paragraph 57, in that on each of them, Holzer answered "No" to Question 14G and attested that she had not been notified in writing that she was the subject of a regulatory complaint or proceeding that could result in a "yes" answer to any part of Question 14, *i.e.*, that the California DOI had issued and served her with the Accusation and amendments thereto, described above. On each of the eight WSI Amended Forms U4, Holzer also failed to complete a disclosure reporting page (DRP) regarding the 2010 DOI Action while she was registered with WSI.

Holzer knew or should have known that her responses to Question 14G were false on each of the eight WSI Amended Form U4s.

59. On or about February 15, 2011, Holzer completed the WSI 2010 Annual Compliance Questionnaire. In it, Holzer acknowledged that she was aware that any amendment to her Form U4 must be made within 30 days of the applicable change taking place, including those requiring updates to the Disclosure Questions. The Questionnaire inquired whether there had been any events that took place within the last year that required an update to her Form U4. In response, Holzer disclosed her change of address but failed to disclose the 2010 DOI Action.

60. Shortly thereafter, on her initial Form U4 submitted to NCS, Holzer willfully failed to disclose the 2010 DOI Action. On or about February 17, 2011, Holzer answered "No" to Question 14G and attested that she had not been notified in writing that she was the subject of a regulatory complaint or proceeding that could result in a "yes" answer to any part of Question 14, *i.e.*, that the California DOI had issued and served her with the Accusation. Holzer also failed to complete a related DRP. Holzer knew or should have known that her responses to Question 14G were false on the NCS Initial Form U4, which NCS submitted to FINRA on or about March 30, 2011.

61. Between October 2011 and June 2012, Holzer failed to disclose to NCS and willfully failed to amend her Form U4 to report the First Amended Accusation, dated October 3, 2011, and the Second Amended Accusation, dated February 27, 2012. Holzer also failed to complete a related DRP.

62. During this period, through NCS, Holzer submitted five Amended Forms U4, in which she disclosed various reportable items but did not disclose the 2010 DOI Action.

63. Holzer willfully failed to complete accurately the five Forms U4 described in paragraph 62, in that on each of them, Holzer answered "No" to Question 14G and attested that she had not been notified in writing that she was the subject of a regulatory complaint or proceeding that could result in a "yes" answer to any part of Question 14, *i.e.*, that the California DOI had issued and served her with the Accusation and amendments thereto, described above. On each of the five NCS Amended Forms U4, Holzer also failed to complete a DRP regarding the 2010 DOI Action while she was registered with NCS. Holzer knew or should have known that her responses to Question 14G were false on each of the five NCS Amended Form U4s.

64. On or about May 1, 2011, Holzer completed and submitted to NCS an Annual Written Supervisory Procedure Certification, in which she certified that she understood and agreed to comply with the Written Supervisory Procedures of NCS, which include a requirement that registered representatives promptly notify NCS of any updates that may require amendment to Form U4. Despite this requirement and her certification to comply, Holzer failed to notify NCS promptly of the 2010 DOI Action, the Accusation, or the amendments to the Accusation.

65. On or about May 15, 2012, Holzer appeared for on-the-record testimony (OTR) at FINRA's Los Angeles District Office, pursuant to FINRA Rule 8210. During the OTR, FINRA staff requested that Holzer provide information and/or documents regarding her failure to report. On May 25, 2012, Holzer appeared for hearing on the 2010 DOI Action. On or about June 1, 2012, NCS filed an Amended Form U4 on Holzer's behalf that disclosed the California 2010 DOI Action, approximately 429 days after Holzer failed to disclose the proceeding when she submitted her Initial Form U4 to NCS.

66. The 2010 DOI Action, including the Accusation, the First Amended Accusation and the Second Amended Accusation, comprises material information that Holzer willfully failed to disclose on Form U4 at any time during her association with WSI, failed to disclose on her

initial Form U4 submitted to NCS, and failed to disclose in a timely manner on Form U4 while registered with NCS.

Reportable Item –Arbitration Award and Judgment of Customer JEU

67. In February 2010, customer JEU filed an arbitration claim against WSI and Holzer, in which she alleged that Holzer made unsuitable recommendations, including Provident 8. On or about November 26, 2011, the arbitration panel issued an award on JEU's behalf, in which they held Holzer solely liable for $1,119,780 in compensatory damages; and Holzer and WSI jointly and severally liable for $285,613 in compensatory damages (JEU Award). Holzer became aware of the JEU Award on or about November 26, 2011. On January 17, 2012, the Los Angeles Superior Court entered judgment on the JEU Award against Holzer in the amount of $1,119,780.00 (JEU Judgment).

68. Despite the requirement that she promptly notify NCS of any updates that may require amendment to Form U4, and her certification to comply, dated May 1, 2011, Holzer failed to notify NCS promptly of the JEU Award and the JEU Judgment.

69. Between November 26, 2011 and August 23, 2012, Holzer submitted two Amended Forms U4, in which she disclosed various reportable items but did not disclose the JEU Award or the JEU Judgment.

70. On or about August 23, 2012, NCS filed an amended Form U4 on Holzer's behalf that disclosed the JEU Award and Judgment, approximately 210 days late as to the JEU Award, and 188 days late as to the JEU Judgment.

71. Between November 26, 2011 and August 23, 2012, while registered with NCS, Holzer willfully failed to amend her Form U4 to disclose the JEU Award and the JEU Judgment. Holzer also failed to complete a related DRP.

FIRST CAUSE OF ACTION

Unsuitable Recommendations
(NASD Rules 2310 and 2110)

72. The Department realleges and incorporates by reference paragraphs 1 through 71, above.

73. As detailed above, in or about February and March 2008, Holzer made unsuitable recommendations to customers FR, JJ, JEU, PH, KK and KW, and JM that they invest in Provident 8 without having a reasonable basis to believe that the security was suitable for the customers in light of the customers' financial needs and situation, as described above. In particular, Provident 8 was unsuitable in light of the customers' need for liquidity, income and safety of principal and, in light of Holzer's prior and contemporaneous recommendations to the customers, resulted in undue concentration in their portfolios of investments in illiquid and speculative securities. Holzer's recommendations to the customers exposed the customers to an undue risk of loss of principal and income and unduly concentrated their assets in speculative and illiquid securities.

74. By making the foregoing unsuitable recommendations to each of FR, JEU, JJ, KK and KW, PH, and JM, Holzer violated NASD Conduct Rules 2310 and 2110.

SECOND CAUSE OF ACTION

Falsification
(NASD Rule 2110)

75. The Department realleges and incorporates by reference paragraphs 1 through 74, above.

76. In March 2008, Holzer submitted or caused to be submitted to WSI the Disclosure Document for the Provident 8 transactions of JJ, JEU, PH, KK, and JM. The WSI Disclosure Documents for JJ, JEU, PH, and KK overstated and thereby falsely reflected the customer's total

net worth and liquid net worth. The WSI Disclosure Document for JM falsely reflected the customer's liquid net worth.

77. Holzer was familiar with the investments in the customers' accounts and had recommended and executed the majority of the investment transactions in the accounts for several years.

78. Holzer knew or should have known that the information on the customers' Disclosure Documents was false and inaccurate and that WSI would rely on the false information in its review and approval or rejection of the customers' transactions in Provident 8 that Holzer recommended.

79. If JJ's and PH's Disclosure Document had been accurate, the Provident 8 transactions in JJ's and PH's accounts would not have met WSI's suitability requirements in that neither customer had a total net worth of $5,000,000 and the transaction amount exceeded five percent of the customers' actual liquid net worth. If JEU's, JM's, and KK's and KW's Disclosure Document had been accurate, the Provident 8 transactions in JEU's, JM's, and KK's and JM's accounts would not have met WSI's suitability requirements in that the transaction amount exceeded five percent of the customers' actual liquid net worth.

80. By submitting or causing to be submitted to WSI the foregoing Provident 8 Disclosure Documents for JEU, JJ, KK and KW, JM and PH that Holzer knew or should have known reflected false information concerning the customers' net worth and investment objectives upon which WSI would rely in reviewing the proposed transactions, Holzer engaged in conduct inconsistent with just and equitable principals of trade, in violation of NASD Rule 2110.

THIRD CAUSE OF ACTION
Willful Failure to Disclose on Form U4 and Willful Failure to Update Form U4 Timely
(FINRA Rules 1122 and 2010 and Article V, Section 2(c))

81. The Department realleges and incorporates by reference paragraphs 1 through 80, above.

82. The 2010 DOI Action, including the Accusation, the First Amended Accusation and the Second Amended Accusation, comprises material information that Holzer willfully failed to disclose on Form U4 at any time during her association with WSI, failed to disclose on her initial Form U4 submitted to NCS, and failed to disclose in a timely manner on Form U4 while registered with NCS.

83. The JEU Award and the JEU Judgment comprise material information that Holzer willfully failed to disclose in a timely manner on Form U4 while registered with NCS.

84. The foregoing acts, practices and conduct constitute separate and distinct violations of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

FOURTH CAUSE OF ACTION
False Testimony
(FINRA Rules 8210 and 2010)

85. The Department realleges and incorporates by reference paragraphs 1 through 84, above.

86. On April 26, 2012, May 15, 2012, August 24, 2012, and September 28, 2012, Holzer appeared for sworn, on-the-record testimony at the FINRA District 2 office in Los Angeles, California, pursuant to FINRA Rule 8210. At the commencement of the OTR, FINRA staff reminded Holzer of her obligations under Rule 8210 to answer FINRA's questions completely and truthfully. The staff explained that her failure to do so could be the basis for the

initiation of a disciplinary proceeding that could lead to the imposition of sanctions, including a bar from the industry. Holzer testified that she understood.

87. In the course of FINRA's investigation of Holzer's Form U4 disclosures, alleged above, Holzer testified falsely to the following facts and circumstances:

a. That Holzer disclosed the 2010 DOI Action to WSI supervisory and compliance personnel during the period that she was registered with WSI, in particular TB and JL; and

b. That Holzer disclosed the 2010 DOI Action to NCS supervisory and compliance personnel in or about the time that she became associated with NCS, in particular KM and KK.

88. The foregoing testimony was false. Holzer failed to disclose the 2010 DOI Action to WSI. Holzer further failed to disclose the 2010 DOI Action to NCS at or about the time she was hired or in a timely manner upon receiving the amended Accusations.

89. The foregoing acts, practices and conduct constitute separate and distinct violations of FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;

C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and

D. make specific findings that Respondent's conduct, as alleged in the Third Cause of Action, was willful; the omitted information was material; and, the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 18, 2013

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