

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012031047501**

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

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

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Wells Fargo Advisors, LLC ("Wells Fargo" or 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. We 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

Wells Fargo is a FINRA member and has been such since July 9, 1987. It is a full-service broker-dealer with its principal offices located in St. Louis, Missouri. Wells Fargo employs over 20,000 registered individuals and maintains over 7,000 registered locations.

RELEVANT DISCIPLINARY HISTORY

Wells Fargo does not have any prior relevant disciplinary history.

OVERVIEW

During the period from March 2009 through April 2011 (the "relevant time period"), Wells Fargo failed to establish, maintain and enforce a supervisory system that was reasonably designed to adequately review and monitor the transmittals of funds from the accounts of customers to third party accounts, in violation of NASD Conduct Rules 3010, 3012(a)(2)(B)(i) and FINRA Rule 2010.

Specifically, Wells Fargo's supervisory system failed to monitor for the disbursement of funds from two unrelated customers' accounts to identical outside third party accounts and from an employee's account to the same outside bank account to which the two unrelated customers had sent outgoing transmittals of funds.

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 3012 requires firms to, among other things, establish, maintain, and enforce written supervisory control policies and procedures which address a variety of activities. Among other things, firms must test and verify that their supervisory procedures are sufficient and amend or create additional supervisory procedures when needed, based on such testing and verification.

NASD Conduct Rule 3012(a)(2)(B)(i) provides that a member shall have procedures that are reasonably designed to review and monitor all transmittals of funds or securities from the accounts of customers to third party accounts and outside entities (including banks).

During the relevant time period, registered representative Patricia Rodriguez converted approximately \$258,000 from two customers by forging letters of authorization ("LOA") that led to 28 fraudulent outgoing wire transfers.¹ The disbursements ranged in size from \$7,000 to \$16,000. Firm records reflect that in 16 instances, funds were disbursed from Wells Fargo customers to Rodriguez's joint bank account that she held with her husband, and which had also received wire transfers from Rodriguez's own Wells Fargo IRA brokerage account. In 12 instances, the outgoing funds were disbursed to a bank account in the name of Rodriguez's son.

Wells Fargo's supervisory control system in this area failed to include a policy or procedure requiring a review to detect or prevent multiple transmittals of funds from multiple customers going to the same third party accounts. The Firm's system also failed to include exception reports that would have identified multiple customer wires going to the same third party account. Consequently, Wells Fargo failed to detect that Rodriguez had initiated fund transfers, totaling approximately \$258,000, out of two customer accounts, to bank accounts that she or her family member apparently controlled.

Based on the above, during the relevant time period, Wells Fargo failed to establish, maintain and enforce a supervisory system that was reasonably designed to adequately review and monitor the transmittals of funds from the accounts of customers to third party accounts and outside entities, as required by NASD

¹ On March 22, 2012, Rodriguez was barred from associating with any FINRA firm in any capacity. Additionally, Wells Fargo has repaid the two affected customers.

Conduct Rule 3012(a)(2)(B)(i). Consequently, Wells Fargo violated NASD Conduct Rules 3010, 3012(a)(2)(B)(i) and FINRA Rule 2010.

- B. We also consent to the imposition of the following sanctions:

A censure and a fine of \$150,000.

We agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment(s) are due and payable. We have submitted an Election of Payment form showing the method by which we propose to pay the fine imposed.

We specifically and voluntarily waive any right to claim that we are 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

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

- A. To have a Complaint issued specifying the allegations against us;
- 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, we 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.

We 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

We 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 us; and
- C. If accepted:
 - 1. this AWC will become part of our 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 our 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. We 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. We 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 our: (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. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 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 the Firm to submit it.

Wells Fargo Advisors, LLC

By: David S. Kuch

9/6/13
Date

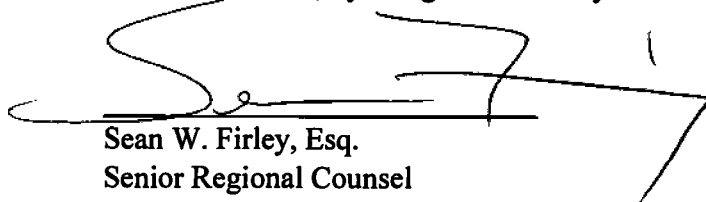
David Kowach
Print

President, PCC
Title

Accepted by FINRA:

9/12/13
Date

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



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