

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Catherine E. Poole
(CRD No. 1924882),

Respondent.

Disciplinary Proceeding
No. 2012032703801

Hearing Officer: DRS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 5, 2014

INTRODUCTION

Disciplinary Proceeding No. 2012032703801 was filed on March 10, 2014, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Catherine E. Poole (Respondent) submitted an Offer of Settlement (Offer) to Complainant dated April 26, 2014. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of

findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Respondent entered the securities industry in October 1986 as a client associate with Merrill Lynch, Pierce, Fenner & Smith Inc. (Merrill Lynch or the Firm), a FINRA regulated broker-dealer, and remained employed there until October 20, 2000. Respondent was terminated by Merrill Lynch in October 2000 due to a reduction in staff. On June 4, 2001, Respondent became re-associated with Merrill Lynch as an investment consultant in its Jacksonville, Florida branch office; however on June 26, 2001 Respondent voluntarily terminated her position with the Firm. On October 22, 2001, Respondent re-associated with Merrill Lynch in its Philadelphia office and remained employed with the Firm as a registered sales assistant until May 17, 2012.

Respondent obtained her Series 7 (General Securities Registered Representative) and 66 (Uniform Combined State Law Examination) licenses in June 1989 and February 2002, respectively.

In a Uniform Termination Notice of Securities Registration (Form U5) dated May 24, 2012, the Firm reported that Respondent was terminated for failing to verify the identity of a client prior to initiating a transaction.

Although Respondent is no longer 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 (1) the Complaint was filed within two years after the

effective date of termination of Respondent's registration with Merrill Lynch, namely, May 24, 2012 and (2) the Complaint charges her with misconduct committed while she was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Summary

In April 2012, an imposter posing as a Merrill Lynch customer, SN, sent emails to Respondent, a Firm sales assistant, requesting two wire transfer requests totaling \$31,500 from SN's account to a third-party's bank account. Despite Merrill Lynch's requirement that Firm personnel verbally confirm wire instructions, Respondent nonetheless made inaccurate entries in the Firm's books and records, falsely representing that she verbally confirmed the wire requests with the customer.

Respondent also entered and caused the entry of fictitious information in the Firm's books and records concerning the purpose for the wire transfer requests. In connection with the first wire transfer request, Respondent falsely represented to JW, a Merrill Lynch document controller, that the customer needed the wire transfer to pay for her nephew's funeral expenses. Relying on Respondent's representations, JW recorded in the Firm's books and records that the purpose of the wire transfer was to pay for the funeral expenses of SN's nephew. As for the second wire transfer request, Respondent herself entered in the Firm's books and records a fictitious purpose for the wire transfer request – namely that the wire transfer was to pay for funeral expenses related to SN's nephew.

By falsely attesting in the Firm's systems that she spoke with SN to confirm the first and second wire transfer instructions, as well as causing and directly entering into the Firm's systems

a fictitious purpose for the wire transfers at issue, Respondent violated FINRA Rule 2010. Respondent also violated FINRA Rules 4511 and 2010 by causing her FINRA regulated broker-dealer to maintain false books and records concerning these wire transfer requests in violation of 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 17a-3 thereunder.

Statement of Facts

As of April 2012, SN maintained five accounts, including a business account (Business account) and a trust account (Trust account) at Merrill Lynch.

On April 27, 2012, an imposter posing as SN sent Respondent an email requesting the available balance of funds in SN's accounts. The imposter also stated that she was at her "nephew's burial" and wanted information concerning how to complete an outgoing wire transfer of funds. In response to the imposter's email, Respondent provided SN's account balance information and wire transfer information.

First Wire Transfer Request

On April 27, 2012, the imposter sent Respondent another email from SN's email address requesting the transfer of \$15,500 from SN's Business account to a bank account held in the name of a third-party at a bank in Anchorage, Alaska. The imposter also provided the third-party's account and routing numbers at the bank in Anchorage, Alaska.

The Firm's policies and procedures required its employees to process wire transfer requests in a Firm web-based system called Web Access, Status and Approval of Requests (ASAP). For wire transfer requests under \$50,000, Firm personnel were required to verbally confirm the wire instructions with the customer, as well as verify the client's identity during that discussion. The employees were required to memorialize the verbal confirmation into a comment box on ASAP and provide a purpose for the wire transfer.

In processing the wire transfer request, Respondent transferred \$15,500 from SN's Trust account to the Business Account and falsely recorded into ASAP that she spoke with SN. In actuality, Respondent never spoke with SN to confirm the \$15,500 wire transfer instruction.

JW, a Firm document controller, contacted Respondent requesting a purpose for the wire transfer request before processing the \$15,500 wire transfer request. Although the imposter never provided a reason for the wire transfer, Respondent nonetheless falsely represented to JW in an email that the purpose of the wire transfer was to pay for the expenses associated with the funeral of the customer's nephew. Relying on Respondent's representations, JW completed the first wire transfer request for \$15,500 by inaccurately recording in ASAP that the purpose of the wire transfer was to pay for JN's nephew's funeral expenses.

Second Wire Transfer Request

On April 30, 2012, the imposter sent Respondent an email requesting that an additional \$16,000 be wired from SN's "investment account" to a second third-party, described as a "real estate colleague," who purportedly held an account at an Australia and New Zealand bank. The imposter also provided Respondent with an account and routing number associated with the second third-party's foreign account.

Respondent entered into ASAP that she spoke with SN to confirm the \$16,000 wire transfer request and that the purpose of the wire transfer request involved "wiring funds to nephew in Australia to help cover funeral expenses for family..." Respondent, however, never spoke with SN to confirm the \$16,000 wire transfer instruction and the imposter never indicated in the email to Respondent that the purpose for the wire transfer request was to pay for a family member's funeral expenses.

FIRST CAUSE OF ACTION
Falsification
Violation of FINRA Rule 2010

FINRA Rule 2010 requires FINRA members and associated persons to observe high standards of commercial honor and just and equitable principals of trade.

Respondent made false entries in the Firm's ASAP system as follows:

- a. Respondent falsely represented that she verbally confirmed the April 27, 2012 wire transfer instructions with customer SN when she did not.
- b. Respondent falsely represented that she verbally confirmed the April 30, 2012 wire transfer instructions with customer SN when she did not.
- c. Respondent falsely represented that the reason for the April 30, 2012 wire transfer instructions was to pay for funeral expenses when she had no basis for such a representation.

Respondent also falsely represented to JW that the reason for April 27, 2012 wire transfer instructions was to pay for family-related funeral expenses when Respondent had no basis for such a representation. Respondent's false representations caused JW to record a fictitious purpose in ASAP concerning the April 27, 2012 wire transfer instruction.

Respondent's false representations were inconsistent with high standards of commercial honor and just and equitable principles of trade

As a result of the foregoing conduct, Respondent violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
Causing False Books and Records
Violation of FINRA Rules 4511 and 2010**

FINRA Rule 4511 requires each member to, among other things, make and preserve books and records in conformity with Rules 17a-3 and 17a-4 of the Exchange Act. Rule 17a-3(a)(1) under the Exchange Act requires broker dealers to “make and keep current...blotters (or other records of original entry) containing an itemized daily record of...all receipts and disbursements of cash and other debits and credits.”

The Firm’s ASAP system was an integral part of Merrill Lynch’s wire transfer documentation and contained information pertinent to the disbursement of cash from customer accounts. Such information maintained in ASAP about cash disbursements was required to be maintained by the Firm pursuant to Exchange Act Rule 17a-3(a)(1). Respondent’s fictitious entries in ASAP concerning her purported verbal confirmation of the April 27, 2012 and April 30, 2012 wire transfer instructions, as well as the purported reasons for the April 30, 2012 wire transfer instructions caused Merrill Lynch to preserve and maintain false books and records in violation of 17(a) of the Exchange Act and Rule 17a-3 thereunder.

Moreover, JW, relying on Respondent’s false representations, recorded in ASAP a fictitious reason for the April 27, 2012 wire instruction, thereby causing the Firm to preserve and maintain false books and records in violation of 17(a) of the Exchange Act and Rule 17a-3 thereunder.

As a result of the foregoing conduct, Respondent violated FINRA Rules 4511 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future

misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

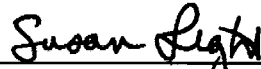
It is ordered that Respondent be suspended for 30 business-days from associating with any FINRA regulated broker-dealer in any capacity and fined \$5,000. The fine shall be due and payable either immediately upon reassociation with a member firm following the 30 business-day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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



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