

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120328433**

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

RE: Jennifer Marie Burton, Respondent
Registered Representative
CRD No. 5019693

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jennifer Marie Burton ("Burton") 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 her alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Burton 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

Burton entered the securities industry in June 2004 as a sales assistant with a FINRA regulated broker-dealer and remained employed there until June 1, 2007. Burton obtained her Series 7 and 66 licenses in September 2005 and January 2006, respectively.

Between June 2007 and May 2012, Burton was employed as a registered sales assistant with Wachovia Securities, LLC (k/n/a Wells Fargo Advisors, LLC)¹.

On June 4, 2012, the Firm notified FINRA that Burton was terminated for falsely stating in the Firm's books and records that she spoke with a customer to confirm wire instructions when she did not speak with the customer.

On August 6, 2012, she became employed as registered representative with Morgan Stanley Smith Barney ("Morgan Stanley") and remains employed there

¹ In or about May 2009, Wachovia Securities, LLC merged with Wells Fargo Advisors, LLC.

today. Burton remains subject to FINRA's jurisdiction given her current employment with Morgan Stanley.

RELEVANT DISCIPLINARY HISTORY

Burton has no prior disciplinary history in the securities industry.

OVERVIEW

On April 10, 2012, an individual posing as LM, a Wells Fargo Advisors, LLC ("Wells Fargo" or the "Firm") customer, sent an email to his broker requesting two wire transfers totaling \$85,000 from his account to a third-party's bank account. Burton, the broker's registered sales assistant, was given access to the broker's emails in order to respond to customer inquiries while he was on vacation. Although Firm policies and procedures require verbal confirmation from the customer prior to processing wire transfer requests, as an accommodation to the customer, Burton proceeded with the wire transfer request without first obtaining verbal confirmation of the wire request from LM. As part of the processing of the wire request, Burton falsely represented in various Firm documents that she verbally confirmed the wire requests with the customer and also provided a fictitious reason for the customer's transfer instructions. Based on the foregoing, Burton violated FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 requires the observance of high standards of commercial honor and just and equitable principles of trade.

FINRA Rule 4511 requires each member to make and preserve books and records in conformity with Rules 17a-3 and 17a-4 of the Securities Exchange Act of 1934 ("Exchange Act"). Rule 17a-4(b)(4) requires that a firm preserve records relating to communications concerning the firm's business, and those records must be accurate. Thus, falsification of a firm's required books and records violates FINRA Rule 4511 as well as FINRA Rule 2010.

A. Firm Policies and Procedures - Wire Transfer Requests

The Firm's policies and procedures required its employees to process wire transfer requests in a Firm web-based system called Service Request. For wire transfer requests over \$10,000, 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 enter notes of the verbal confirmation into a comment box on Service Request. Moreover, customers were required to sign a Letter of Authorization ("LOA") when requesting a disbursement of funds to a third-party or an account with a different name or account registration.

B. Wire Transfer Requests

Between June 2007 and May 2012, Burton was a registered sales assistant at the Firm's Westwood branch office in Los Angeles, California. Burton was responsible for assisting approximately four registered representatives, including the broker.

In January 2009, LM and his wife opened an account ("LM Family account") with the broker at the Firm.

In April 2012, while the broker was on vacation, Burton was granted delegate access to the broker's Firm email account in order to respond to any customer inquiries.

Sometime in April 2012, LM's personal email address was hacked into by an individual. On April 9, 2012, an imposter pretending to be LM sent the broker an email requesting the balances in LM's accounts, as well as information concerning wiring funds from the account both domestically and internationally. The imposter also stated that he would be "very busy today." Burton replied to the imposter from her Firm email address indicating that the broker was out of the office, but that she could assist with any requests. Burton provided the imposter the account balances for LM's three accounts, including the LM Family account and attached a blank LOA form to complete and return to her for wire transfer requests.

Later that same day, the imposter sent Burton another email from LM's email address, this time requesting two cash transfers totaling \$85,000 from the LM Family account to "his clients" in Australia and faxed two LOAs to Burton. The imposter requested the wire transfer occur the next day, on April 10, 2012.

The first LOA, dated April 9, 2012, was for the transfer of \$43,000 from the LM Family account to a third-party's bank account in Australia ("First LOA"). The imposter also provided the third-party's account number and routing number at the Australian bank.

The second LOA, also dated April 9, 2012, was for the transfer of \$42,000 from the LM Family account to another third-party's bank account in Australia ("Second LOA"). The imposter also provided this third-party's account number and routing number at the Australian bank. The First and Second LOAs were purportedly signed by LM, but were missing the LM Family account numbers, as well as the purpose for the wire transfers.

On April 10, 2012, Burton entered the missing account numbers and the purpose for the wires in the document verification forms for the First and Second LOAs. Notwithstanding the requirements of the Firm's written procedures, Burton falsely

represented on the document verification forms that she "spoke to the client this morning to confirm the instructions and he advised that the funds should come out of [LM Family] and that the funds are being sent to his business partner in Australia." Burton forwarded the document verification forms for the First and Second LOAs to the Firm's operations department for review.

Burton also entered into the comments field on Service Request for the First and Second LOA that she confirmed the instructions with LM that morning, who indicated that he was wiring funds to his partner in Australia to invest in property. Burton, however, never spoke with the customer and the imposter never provided Burton with a purpose, i.e. investing in property, for the wire transfer requests or a business partner.

On April 11, 2012, the imposter requested that an additional \$23,000 and \$52,000 be wired from the LM Family account to a bank in Florida and another bank in Australia. Burton became suspicious of the wire request activity and called LM to verify the requests. LM informed Burton that he never made any wire transfer requests.

The Firm was able to reverse the wire transfer instructions and return the \$43,000 and \$42,000 to LM Family's account without any loss to the customer.

By falsely attesting on the Firm's document verification forms and wire service request forms that she spoke with the customer, as well as providing a fictitious purpose for the wire request, Burton violated FINRA Rule 2010. Burton 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.

B. Burton consents to the imposition of the following sanctions:

- a. A one-month suspension from associating with any FINRA regulated broker-dealer in any capacity; and
- b. A fine of \$7,500.

Burton understands that if she is barred or suspended from associating with any FINRA member, she becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Burton may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

Burton agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. She has submitted an Election of Payment form showing the method by which she proposes to pay the

fine imposed.

Burton specifically and voluntarily waives any right to claim that she is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against her;
- 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, Burton specifically and voluntarily waives any right to claim bias or prejudice 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.

Burton 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

Burton 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 her; and
- C. If accepted:
 - 1. this AWC will become part of her permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against her;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about her 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. Burton 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. Burton 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 his: (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. Burton may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Burton understands that she 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.

Burton certifies that she has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she has 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 her to submit it.

6/7/13
Date (mm/dd/yyyy)

Jennifer Marie Burton
Jennifer Marie Burton, Respondent

Reviewed by:

[Signature]
Jonathan Schwartz, Esq.
Counsel for Respondent
The Law Office of Jonathan Schwartz
4640 Admiralty Way, Suite 500
Marina del Rey, CA 90292

Accepted by FINRA:

June 12, 2013
Date

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

Susan Light
Susan Light
Senior Vice President & Chief Counsel
FINRA Department of Enforcement
One World Financial Center
200 Liberty Street, 11th Floor
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