

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012032995401**

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

RE: Joanne Rein Coleman, Respondent
Former Registered Representative
CRD No. 1135634

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Joanne Rein Coleman ("Coleman") 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 Coleman alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Coleman 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

Coleman entered the securities industry in 1985 as a non-registered sales assistant with a FINRA regulated broker-dealer. Since that time, Coleman has been associated with six current and former FINRA regulated broker-dealers.

Between 1987 and 2009, Coleman acquired the following securities licenses: Series 7 (General Securities Representative), Series 63 (Uniform Securities Agent State Law Examination) and Series 66 (Uniform Combined State Law Examination).

In May 2009, Coleman became employed as a registered sales assistant at UBS Financial Services, Inc. ("UBS" or the "Firm") and remained in that position until her termination from the Firm in May 2012.

In a Form U-5 dated June 18, 2012, UBS reported Coleman was terminated after the Firm determined that in connection with “a fraudulent third-party wire transfer she 1) submitted in the Firm’s systems an attestation that contained inaccurate and inconsistent information, after having been previously disciplined for violating the same Firm policies and procedures; 2) took no action in response to red flags surrounding the wire transfer; and 3) provided unsatisfactory answers in connection with the Firm’s review.”

Coleman is not currently employed by or associated with a FINRA regulated broker-dealer. Pursuant to Article V, Section 4 of FINRA’s By-Laws, Coleman remains subject to FINRA’s jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Coleman has no prior formal disciplinary history in the securities industry.

OVERVIEW

On March 9, 2012, an individual posing as HS, a Firm customer, sent an email to HS’ broker requesting the balance in the customer’s account, as well as information concerning wiring funds from that account. The broker emailed the imposter back, instructing him to call Coleman, the broker’s registered sales assistant. The imposter then emailed the same request to Coleman, with instructions authorizing a \$24,800 domestic wire transfer from HS’ Individual Retirement Account (“IRA”) to a third-party’s bank account.

Although Firm written supervisory policies and procedures require verbal confirmation from the customer prior to processing wire transfer requests, as an accommodation to the customer, Coleman falsely represented in documents she provided to the Firm that the broker verbally confirmed the wire transfer request with the customer. Coleman further misrepresented in documents provided to the Firm that she verbally confirmed a routing number with HS. Coleman made these false entries despite recently serving a Firm-imposed suspension for engaging in similar misconduct.

Based on the foregoing, Respondent 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 Rule 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 violated FINRA Rule 4511, as well as FINRA Rule 2010.

A. Firm Policies and Procedures - Wire Transfer Requests

UBS' written supervisory procedures stated that domestic wires under \$50,000 could be verbally authorized by a customer, provided that such verbal authorization was memorialized in a Client Contact Attestation Form. The Firm's written supervisory procedures required branch personnel to speak with the customer before processing any wire request in order to confirm his or her identity and authority to request the transaction. UBS also maintained books-and-records policies that prohibited employees from making any false or misleading entries in the Firm's books and records or making any false certifications.

B. Coleman's Suspension from the Firm

In December 2011, UBS suspended Coleman for one week without pay, for making false attestations on a Client Contact Attestation Forms in connection a wire transfer request. The Firm advised Coleman in a Discipline Memorandum of the following:

The key purpose of the callback and/or attestation is to ensure that the client in fact has authorized the disbursement of available funds, and that an unauthorized person is not trying to improperly access the client's funds. Twice you submitted the wire transfer request with the knowledge that no one had yet spoken to the client. Your actions were misleading and placed undue additional burden on the [Firm's]... management team.

C. Wire Transfer Request

Sometime in March 2012, HS's personal yahoo.com email address was hacked. On March 9, 2012, an individual posing as HS sent an email to his broker, requesting that the broker email the imposter the available cash balance in HS'

account and "the information needed to process an outgoing wire transfer." The broker sent a reply email to the imposter, instructing him to call Coleman to process the request. As a registered sales assistant, Coleman provided UBS brokers with administrative support in connection with securities transactions.

Later the same day, the imposter sent an email to Coleman, again asking for HS's account balance and wire instructions. Coleman responded via email, providing the imposter with the balance in HS' account and wire instructions. Specifically, Coleman advised the imposter that he needed to fax or mail a letter instructing UBS to wire the funds, including his signature, as well as "the account number from the account where the funds are coming, the name and address where the funds are being sent, the ...routing number, and the account number at the other firm." Coleman did not, however, provide the imposter with HS' account number, in whole or in part. The imposter subsequently faxed to Coleman's attention a signed Letter of Authorization ("LOA") with domestic wire instructions.

Because the fax was received after normal business hours on a Friday, Coleman advised the imposter that she would process the wire on Monday morning. The LOA, dated March 9, 2012, was for the transfer of \$24,800 from HS's IRA to an unrelated third-party's bank account in Florida. The imposter provided an account number and routing number at the bank, but did not provide the account number for HS's IRA. Although the LOA was purportedly signed by HS, the name that appeared on the "from" line of the fax cover sheet was another unrelated individual, JW. Notwithstanding that the fax cover sheet indicated that it was being sent from JW, as opposed to HS, Coleman failed to question or investigate the apparent inconsistency between the LOA and the fax cover sheet.

On Monday morning March 12, 2012, without attempting to verify the wire verbally with HS, Coleman processed the wire transfer request by submitting an online wire transfer request form, on which she entered the missing Firm IRA account number as well as the information the imposter provided in the LOA. Coleman also completed a Client Contact Attestation Form, in which she falsely represented by checking a series of boxes, as well as providing a short narrative in a comment field of the Form that the broker instructed Coleman to make the wire transfer after he verbally confirmed the wire instructions with HS and verified his identity and that Coleman herself spoke with the customer to confirm the routing number for the wire transfer.

Firm records indicate that the broker was not in the office the morning of March 12, 2012, when Coleman claims that the broker confirmed the wiring instructions with HS.

On March 19, 2012, the imposter requested that an additional \$10,200 be wired from HS's IRA to the bank account in Florida. Coleman became suspicious, because, among other things, the request came from a hotmail.com email address rather than HS's known yahoo.com email address. Coleman called HS to verify the request. HS informed Coleman that he never made any wire transfer requests.

Respondent immediately contacted her Administrative Manager and informed her about the fraudulent wire transfer requests. UBS fully reimbursed HS \$24,824, representing the amount of the wire plus a \$25 wire transfer fee. As a result, HS's IRA did not suffer any losses.

On May 21, 2012, the Firm terminated Coleman in connection with this matter.

By falsely attesting on the Firm's wire transfer request form that the customer was contacted and verbally confirmed the disbursement, Coleman violated FINRA Rule 2010. Coleman also violated FINRA Rules 4511 and 2010 by causing her FINRA regulated broker-dealer to maintain false books and records concerning this wire transfer request in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 thereunder.

B. Coleman also consents to the imposition of the following sanctions:

- a. A 45-day suspension from associating with any FINRA regulated broker-dealer in any capacity; and
- b. A fine of \$7,500.

Coleman understands that if she is 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, Coleman 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).

The fine shall be due and payable either immediately upon reassociation with a member firm following the 45-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.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Coleman 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, Coleman 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.

Coleman 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

Coleman 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 Coleman's 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 my disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8312; and
4. Coleman 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. Coleman 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 her: (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. Coleman may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Coleman 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.

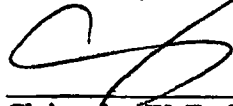
Coleman certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce her to submit it.

11/ 2013

12/11/13


Joanne Rein Coleman
Respondent

Reviewed by:



Christopher W. Taylor, Esq.
Counsel for Respondent
JML LAW, APLC
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12/12/13

Accepted by FINRA:

December 31, 2013
11/___/2013
12/12

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



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