

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120339682**

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

RE: Camille Smith, Respondent
Registered Representative
CRD No. 5403550

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Camille Smith ("Smith") 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. Smith 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

Smith entered the securities industry in August 2007 as a registered representative with Securian and CRI Securities, Inc. (collectively "Securian" or the "Firm"), a FINRA-regulated broker-dealer. Smith obtained her Series 7 and 66 licenses in October 2007, and is presently employed by the Firm in its Bloomington, Minnesota branch office.

On September 7, 2012, the Firm reported that Smith had been suspended for three weeks and fined \$5,000 for failing to follow the Firm's policies with respect to written orders and discretionary trading. Given her continuing employment with Securian, Smith remains subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

During August 2012, an imposter posing as MK, a Firm customer, sent e-mails to Smith, MK's broker, requesting three wire transfers totaling \$92,000 from MK's account to a third-party's bank account. The Firm's policies and procedures do not permit its representatives to exercise discretion and require all written orders to be verbally confirmed with the customer prior to processing. Here, for each wire transfer, Smith failed to verbally confirm the wire transfer requests prior to instructing the branch officer's trader to liquidate mutual funds in amounts sufficient to satisfy the requested wire transfers. Smith also provided reasons for the second and third wire transfer requests even though none were proffered by the imposter.

When she directed the office trader to liquidate mutual fund positions in the customer's account without having received prior written approval or authorization from the client, Smith violated FINRA Rule 2010. By supplying false information regarding the reasons for the second and third wire transfer requests on the Firm's wire transfer request forms, Smith violated FINRA Rule 2010. Smith 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.

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 written supervisory procedures prohibit the Firm's registered representatives from maintaining discretionary brokerage accounts. The Firm's WSPs further provide that registered representatives cannot pick the security, quantity, time, or price, or make the decision to buy or sell, without a client's specific authority.

The Firm's WSPs also require verbal confirmation with customers of all written orders received from clients before the transactions are processed. The WSPs further provide that, when written instructions are received from a client, the registered representative "should contact the client immediately to confirm the order. If you cannot reach the client, leave a message informing the client that the order will not be placed until the client calls to confirm."

In addition, the Firm issued an advisory memo to all field principals noting that several representatives had received e-mail instructions from hacked client e-mail accounts and reminding its personnel that, because the request had the appearance of legitimacy, it was critical that representatives follow the Firm's WSPs and contact

any client from whom they received wire instructions via e-mail before taking any action.

B. Client MK

Smith began working with MK immediately upon her entry into the securities industry in 2008, and is the registered representative for his accounts. Generally, Smith met with MK in-person once a year, and corresponded with him via e-mail every quarter or six months. During the time in which Smith worked on MK's accounts, MK never requested any transfers of currency from his Firm accounts.

At or about the end of July 2012, Smith met with MK to conduct the annual review of his accounts. During the meeting, MK informed her that he had been helping his family with certain expenses, including purchasing a car for his parents, sending them money on a monthly basis, and assisting with the funds needed for his brother's wedding. In follow-up to the meeting, and consistent with her usual practice, Smith sent MK an e-mail containing a summary of their meeting and follow-up items.

In late July 2012, approximately two weeks before the first fraudulent wire request, Smith sent an e-mail to MK attaching an updated financial statement and noting, among other things, the balances in MK's respective accounts. Later that same month, Smith sent MK a blank investment management agreement via e-mail requesting that MK sign the form and return to Smith's attention, which MK did via e-mail.

C. The Wire Transfer Requests

Sometime in August 2012, the personal e-mail address of Firm customer MK was hacked into by an individual. On August 6, 2012, an imposter posing as MK sent Smith an e-mail inquiring whether the Firm could handle a wire transfer from MK's account for the purchase of a condominium. Approximately a half-hour later, following additional correspondence with Smith, the imposter e-mailed Smith a signed wire transfer form and instructions to transfer \$40,000 from MK's account to a third-party account in Singapore.

Smith verified via e-mail that MK wanted the Firm to liquidate mutual funds today in order to process the wire request and, upon receiving a "yes" e-mail reply from the imposter, filled out the wire request form per the instructions in the imposter's e-mails. Per the e-mail correspondence, Smith represented that the wire was for the "purchase of a condo" and then verified the signed wire transfer form with documents in MK's client file. Smith then instructed the trader in the branch office to sell \$40,000 worth of mutual funds shares in order to fund the wire request and gave the third party wire request form to the sales assistant DM.

The mutual fund trades were not discussed or confirmed verbally with the customer by either Smith or the trader. DM "signature guaranteed" the wire request form and faxed it to the Firm's Home Office, whereupon a wire in the amount of \$40,267.53 USD was processed and sent from MK's account that same day.

One week later, on August 13, 2012, the imposter sent Smith another e-mail requesting the available account balance and a wire transfer. Less than an hour later,

following additional correspondence with Smith, the imposter e-mailed Smith a signed wire transfer form and instructions to transfer \$30,000 from MK's account to a third-party account in Singapore.

Smith filled out the wire request form per the instructions in the imposter's e-mails, falsely recording in the transfer form that MK needed the wire because he was "helping [a] family member in Singapore." Smith then instructed the trader to sell \$30,000 worth of mutual fund shares from the customer's account and gave the third-party wire request form to DM, who signature guaranteed the request and faxed it to the Home Office, whereupon a wire in the amount of \$30,000 USD was processed and sent from MK's account on August 14, 2012. Once again, the mutual fund trades were not discussed or confirmed verbally with the customer by either Smith or the trader who effected the trades pursuant to Smith's instructions.

On August 20, 2012, the imposter sent Smith another e-mail requesting the available account balance. Following additional correspondence with Smith, the imposter requested a wire transfer in the amount of \$22,000 and provided Smith with a copy of the form previously used for the second wire transfer request. Smith filled out the form per the instructions in the imposter's e-mails, falsely noting the reason as "sending funds to a family member in Singapore", then instructed the trader in the branch office to sell funds to free up cash for the wire and gave the third party wire request form to DM. Again, the trades were not discussed or confirmed verbally with the client by either Smith or the office trader and the wire transfer form was "signature guaranteed" by DM.

DM then faxed the request to the Home Office, which became suspicious of the request given the frequent activity in a two-week time span. The Home Office contacted MK at the telephone number DM provided, at which time MK informed the Firm that he never made any wire transfer requests.

The third wire was immediately rejected by the Firm and a block was placed on the account. The Firm also recalled the two wires issued on August 8 and August 14, respectively. MK's account statement was reimbursed such that there was no loss to the customer.

When she directed the office trader to liquidate mutual fund positions in the customer's account without having received prior written approval or authorization from the client, Smith violated FINRA Rule 2010. By supplying false information regarding the reasons for the second and third wire transfer requests on the Firm's wire transfer request forms, when in fact no reason was provided by the imposter, Smith violated FINRA Rule 2010. Smith 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. Smith consents to the imposition of the following sanctions:

- a. A two-month suspension from associating with any FINRA-regulated broker-dealer in any capacity; and
- b. A fine of \$10,000.

Smith 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, Smith may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the suspension (*see* FINRA Rules 8310 and 8311).

Smith agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. Smith has submitted an Election of Payment form showing the method by which she proposes to pay the fine imposed.

Smith 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

Smith 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, Smith 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.

Smith 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

Smith 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. Smith 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. Smith 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. Smith may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Smith 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.

Smith 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.

6/20/2014
Date (mm/dd/yyyy)

Camille Smith
Camille Smith, Respondent

Reviewed by:

6/19/2014
Date (mm/dd/yyyy)

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Accepted by FINRA:

7/11/14
Date (mm/dd/yyyy)

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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