

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012034737102**

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

RE: Linda Whitmore, Respondent
CRD No. 2855540

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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. I 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

Linda Whitmore ("Whitmore") was a non-registered employee in the Finance Department at Robert W Baird & Co Inc. ("Baird") in Milwaukee, WI, from January 10, 2002 until her termination October 11, 2012. Whitmore is not currently registered or associated with a FINRA registered firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the By-Laws.

OVERVIEW

Between December 2005 and October 11, 2012, Whitmore and her manager together manipulated tax and charitable withholdings in the Firm's payroll system to cause unauthorized payments to be made to each of them. Through this scheme, Whitmore converted more than \$500,000¹ in violation of FINRA Rule 2010 and NASD Rule 2110.²

¹ The manager converted more than \$800,000. Together, they converted more than \$1.3 million.

² FINRA Rule 2010 replaced NASD Rule 2110 on December 15, 2008.

FACTS AND VIOLATIVE CONDUCT

From approximately December 2005 through October 11, 2012 Whitmore and her manager manipulated the firm's payroll system and caused payments to be made to them to which they were not entitled. Through the firm's payroll system, they inflated their Current and Year to Date (YTD) federal and state tax withholding balances and charitable contributions and then caused improper payments to be made to them. These payments appeared to be refunds of overpayments.

For example, Whitmore's paycheck for the two week period ending February 15, 2010, showed the YTD federal withholding balance of \$924.24. For the following pay period ending February 28, 2010, Whitmore used the firm's payroll system to inflate her YTD federal withholding balance to \$6,248.22. She then caused a \$4,999.87 refund to be added to her paycheck issued the following pay period. Whitmore repeated these actions on numerous occasions for other time periods.

In similar manner, Whitmore converted funds by manipulating charitable contribution withholdings and generating improper payments to be made to her.

The Firm had checks in place to preclude individuals from changing their own withholding balances. Initially, Whitmore and her manager inflated the withholding balances for the other. Eventually, the two shared their user IDs and passwords and input their own inflated withholding balances.

By engaging in the activities described above, Whitmore converted more than \$500,000 and thereby violated FINRA Rule 2010 and NASD Rule 2110.

B. I also consent to the imposition of the following sanctions:

A bar from associating with any FINRA registered firm.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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).

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;
- 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, I 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.

I 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

I 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 me; and

C. If accepted:

1. this AWC will become part of my 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 my 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. I 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. I 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 my: (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.

I certify that I have read and understand 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 me to submit it.

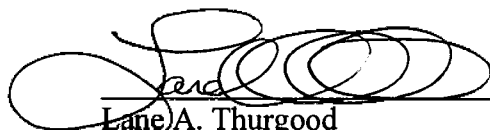
02/06/2014
Date (mm/dd/yyyy)

Linda Whitmore
Respondent

Accepted by FINRA:

Feb 24, 2014
Date

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

A handwritten signature in black ink, appearing to read "Lane A. Thurgood", is written over a horizontal line.

Lane A. Thurgood
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FINRA Department of Enforcement
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