

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

Department of Enforcement,

Complainant,

v.

John F. Wolle (CRD No. 5479607),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013035801101

Hearing Officer – MC

AMENDED COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between May and July 2011, John Wolle forged the name of CF, a person he had never spoken to or met, on three indexed annuity applications totaling \$254,998. Without CF's knowledge or authorization, Wolle then completed the applications in her name and submitted them to the insurance company, LFG, between July 2011 and March 2012. As a part of the applications, Wolle falsely attested that he had discussed the annuities with CF and that he had witnessed CF sign the applications.

2. Wolle failed to disclose to his firm that he was engaged in outside insurance business. Wolle also registered with a member firm without any intent to engage in securities activities and instead to avoid the examination requirement.

3. By virtue of his conduct, Wolle violated FINRA Rule 2010, FINRA Rule 3270, and NASD Rule 1031(a).

RESPONDENT AND JURISDICTION

4. John F. Wolle (CRD No. 5479607) entered the securities industry in January 2008 and was associated with two FINRA member firms before February 2011, when he registered with Sinclair & Company, LLC ("Sinclair"). While in the securities industry, Wolle held the following securities licenses: Series 6, Series 26, Series 28, and Series 63. Wolle was terminated by Sinclair on January 24, 2012, for "lack of broker-dealer activities," and his registrations with Sinclair were terminated on January 31, 2012.

5. Although Wolle is not currently associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws of the Corporation, because (1) this Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA member, namely January 31, 2012, and (2) this Complaint charges him with misconduct while he was associated with a FINRA member.

STATEMENT OF FACTS

A. Wolle Forged and Falsified Annuity Applications

6. Since 2010 Wolle has been involved in various businesses run by his associate, JG. One of those businesses is an entity known as 54F. Wolle is the treasurer of 54F and JG is its CEO. 54F purports to sell a product called a "charitable gift annuity."

7. According to 54F's website and other marketing materials, when a customer purchased a charitable gift annuity, 54F claimed to use a portion of the customer's funds to purchase one or more fixed or indexed annuities and to make charitable donations on the customer's behalf with the rest of the customer's funds.

8. In June 2011, JG asked Wolle to complete and submit an application to purchase \$90,000 of an indexed annuity offered for sale by LFG and eligible for sale only in New Jersey (the "LFG Annuity") on behalf of CF, a resident of Seneca Falls, New York.

9. JG told Wolle that CF was a customer referred to 54F by BM, a registered representative at a third party broker-dealer. JG asked Wolle to complete and submit the annuity application because JG was not appointed as an agent with the insurance company that offered and underwrote the policy.

10. JG gave Wolle a copy of an annuity application that was blank except for a signature of CF's name in the customer line. JG told Wolle that BM had obtained the signed blank form from CF. JG also claimed that CF had authorized 54F to process the annuity application on her behalf.

11. Wolle knew that CF had invested a total of \$455,000 with 54F and that he would therefore need to complete and submit additional applications for the same indexed annuity on CF's behalf in the future.

12. Wolle made copies of the blank, pre-signed annuity application and kept the copies in his files.

13. Wolle had never met or spoken with CF. Despite that, he forged her signature on two documents related to the application—a Disclosure Statement Signature Page and a Fixed/Indexed Deferred Annuity Supplement—without any authorization to do so. Wolle placed copies of these forged documents in his files. He completed the application in CF's name using information supplied by JG, and submitted it to the insurance company on July 1, 2011. He signed the application as the selling agent.

14. In signing the application, Wolle falsely attested that:
- a. he had discussed the advantages and disadvantages of the annuity with CF;
 - b. the contracts were principally negotiated, issued, and delivered in New Jersey;
 - c. all communications about the applications occurred in New Jersey; and
 - d. he had witnessed CF sign the application in New Jersey.

Wolle knew these attestations were false at the time he made them.

15. In January 2012 and again in March 2012, JG asked Wolle to complete and submit applications on CF's behalf for two additional purchases of the LFG Annuity in the amounts of \$90,329 and \$74,669, respectively. Wolle completed the annuity applications using the copies of the blank, pre-signed application he had retained, as described in paragraph 12, along with copies of the two policy documents on which he had previously forged CF's signature.

16. Wolle was associated with Sinclair when he submitted the unauthorized annuity application in January 2012. He was not associated with a FINRA member firm when he submitted the unauthorized annuity application in March 2012.

17. Wolle did not speak with CF or otherwise obtain her authorization to sign or submit either annuity application on her behalf. Wolle signed both applications as the selling agent. In signing each application, Wolle falsely attested that:

- a. he had discussed the advantages and disadvantages of the annuity with CF;
- b. the contracts were principally negotiated, issued, and delivered in New Jersey;
- c. all communications about the applications occurred in New Jersey; and

d. he had witnessed CF sign the application in New Jersey.

Wolle knew these attestations in each application were false at the time he made them.

18. The purchase of the two additional LFG Annuities, along with the \$90,000 previously invested, resulted in a total investment of \$254,998 of CF's funds in LFG Annuities. 54F claimed to donate the remaining \$200,000 balance of CF's nearly \$455,000 investment to charities in her name.

19. In connection with the three annuity sales, Wolle received a total of \$14,000 in commissions from the insurance company, all of which he passed on to JG.

20. Wolle knew that JG had asked him to process multiple annuity purchases for CF over a period of nine months because, rather than immediately investing CF's funds, JG had used her money to pay for his personal expenses and to finance 54F's operations.

21. In June 2012, after learning of the annuity applications Wolle had submitted in her name, CF informed the insurance company that the annuity purchases were unauthorized. The insurance company thereafter cancelled the contracts and returned \$254,998 to CF.

B. Wolle Failed to Disclose His Independent Insurance Business to Sinclair

22. Wolle did not disclose to Sinclair that he was an insurance agent licensed to sell indexed annuities in various states.

23. Wolle likewise failed to disclose to Sinclair that he was appointed as an independent insurance agent with LFG which was the insurer that underwrote the policies he purchased in CF's name.

C. Wolle Registered with Sinclair Solely to Avoid the Examination Requirement

24. In January 2008, JG and Wolle applied to register a new broker-dealer with FINRA. Between February and April 2008, Wolle obtained Series 6, Series 26, Series 28, and Series 63 securities licenses. However, in September 2008 JG and Wolle withdrew their application for the new broker-dealer before the firm's registration with FINRA was effective.

25. In September 2008, Wolle registered with another FINRA member firm. Wolle intended to sell variable annuities with the member firm, but did not generate any business. The member firm terminated Wolle's registrations in March 2009 for "lack of production."

26. In February 2011, Wolle registered with Sinclair. Wolle never met with anyone at Sinclair before registering with the firm.

27. At the time he registered with Sinclair, Wolle did not intend to generate any securities business at the firm. Instead, he registered with Sinclair solely to prevent his securities licenses from lapsing and thus to avoid having to requalify for securities licenses by complying with the examination requirement in the future.

28. Wolle generated no securities business while registered with Sinclair. On January 31, 2012, Sinclair terminated his registrations for "lack of broker-dealer activities."

**FIRST CAUSE OF ACTION
FORGERY AND FALSIFICATION
VIOLATIONS OF FINRA RULE 2010**

29. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

30. FINRA Rule 2010 requires that registered representatives, in the conduct of their business, shall observe high standards of commercial honor and just and equitable principles of trade.

31. Signing another person's name to business documents without authority constitutes forgery, which is inconsistent with just and equitable principles of trade. It is also inconsistent with just and equitable principles of trade to falsify documents.

32. By forging and falsifying the unauthorized annuity applications that were submitted to insurance companies on July 1, 2011 and January 2012, as described above, Wolle violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES
VIOLATION OF FINRA RULE 3270**

33. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

34. FINRA Rule 3270 prohibits registered persons from being "an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member."

35. Wolle failed to provide prior written notice to Sinclair of his insurance activities, as described above.

36. As a result of the foregoing conduct, Wolle violated FINRA Rule 3270 and FINRA Rule 2010.

**THIRD CAUSE OF ACTION
REGISTERING SOLELY TO AVOID THE EXAMINATION REQUIREMENT
NASD RULE 1031(a)**

37. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

38. NASD Rule 1031(a) prohibits registration of any person who is no longer active in the member's investment banking or securities business or no longer functioning as a representative, where "the sole purpose is to avoid the examination requirement prescribed in [NASD Rule 1031(c)]."

39. Wolle registered with Sinclair with no intent to engage in the firm's securities business and solely to prevent his licenses from lapsing and thereby avoid the examination requirement.

40. As a result of the foregoing conduct, Wolle violated NASD Rule 1031(a) and FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

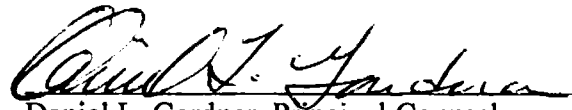
A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and

C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Dated: December 3, 2013

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel L. Gardner", is written over a horizontal line.

Daniel L. Gardner, Principal Counsel
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