

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038599101**

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

RE: Jennifer S. McCall ("McCall"), Respondent
Non-Registered Individual

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me 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

Between at least July 2010 through September 19, 2013, McCall was associated with Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Firm"), a FINRA-registered broker-dealer, as a non-registered Business Support Manager in the Global Banking & Markets Group ("GBAM") of the Compliance Department of the Firm's affiliated bank ("Affiliated Bank"). During such time, GBAM provided compliance staffing for the institutional sales, trading, and banking activities of certain of Affiliated Bank's subsidiaries, including the Firm. By virtue of her activities in the securities industry, McCall is an Associated Person as that term is defined by FINRA By-Laws.¹

On or about September 19, 2013, the Firm terminated McCall's employment for misappropriating funds by submitting false expense reports to the Firm.

¹ As a Business Support Manager, McCall managed certain GBAM clerical staff that supported compliance associates who worked for the Firm and other subsidiaries of Affiliated Bank. She also had administrative responsibilities for GBAM which included ordering supplies, coordinating meetings, events and training, on-boarding and off-boarding employees, approving the expense reports of certain employees and other tasks related to supporting the compliance activities of the Firm and other subsidiaries of the Affiliated Bank.

McCall is not currently associated with a FINRA member firm. However, FINRA retains jurisdiction over McCall until September 18, 2015 pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

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

FACTS AND VIOLATIVE CONDUCT

Conversion is "an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it."

FINRA Rule 2010 requires members and associated persons to observe high standards of commercial honor and just and equitable principles of trade.

Conversion of funds violates Rule 2010 because such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade.

Where an associated person improperly obtains funds from his or her employer by submitting false claims for reimbursement of expenses that were not incurred by the employee or were not business-related, such conduct constitutes conversion in violation of FINRA Rule 2010.

The Firm's internal policies during 2012 and 2013 provided that the Firm would reimburse employees only for ordinary and necessary expenses incurred on business trips or on behalf of the Company. These policies further provided that the purchase of goods and services by employees for their personal use would not be reimbursed.

Between August 24, 2012 and August 23, 2013, McCall submitted 25 expense reports to the Firm seeking reimbursement for 263 expenses, totaling \$18,410, allegedly consisting of employee training courses and seminar fees. McCall claimed to have incurred these expenses on her personal credit card on behalf of other Firm employees who purportedly attended such courses and seminars.

However, these alleged training and seminar fees were fictitious and the expense reports fraudulent in that the employees for whom McCall submitted the expenses for did not attend the training courses and seminars. Moreover, McCall did not incur any of the claimed expenses.

McCall also submitted expense reports for gas, tolls and parking expenses which were either fictitious or not incurred in connection with the Firm's business.

After submitting the fraudulent expense reports to the Firm, McCall electronically approved the reports in the Firm's electronic systems through the use of her supervisor's user ID and password. While McCall was authorized by her supervisor to use such user ID and password to approve certain expense reports, she was not authorized to approve her own expense reports.

Following McCall's submission and improper approval of the 25 improper expense reports, the Firm paid her approximately \$18,410. As a result, McCall converted approximately \$18,410 from the Firm, in violation of FINRA Rule 2010.

FINRA Rule 4511 requires members to make and preserve books and records as required under FINRA's rules, the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules promulgated under the Exchange Act.

Rule 17a-3(a)(2) promulgated under the Exchange Act requires that a broker-dealer preserve ledgers or other records reflecting all assets and liabilities, income and expense and capital accounts. Implicit in the requirement to make records is the requirement that they be accurate.

Making false entries onto the books and records of a broker-dealer is a violation of FINRA Rule 2010.

By knowingly creating expense reports containing false and fictitious expenses, not actually incurred and/or not incurred in connection with the Firm's business and submitting them to the Firm, McCall violated FINRA Rule 2010. McCall also violated FINRA Rules 4511 and Rule 2010 in that the creation and submission of these reports caused the Firm to maintain inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-3 promulgated thereunder.

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

A bar from associating with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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).

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 prejudice of the Chief Legal Officer, 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.

Date: October ²⁰2, 2014


Jennifer S. McCall
Respondent

Accepted by FINRA:

11/24/14
Date:

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


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