

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046052701**

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

RE: Jodie Ann LaMarre, Respondent
General Securities Representative
CRD No. 2127928

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

LaMarre first became registered as a General Securities Representative with a FINRA member firm in December 1991. Over the course of her career, she has been associated with six FINRA member firms. Lamarre received her Series 7 license in December 1991, and she also holds Series 63 and 65 licenses. Lamarre became associated with Robert W. Baird & Co. ("Baird," or the "Firm") in July 2008, and her association with that firm voluntarily terminated in February 2015.

On November 1, 2017, LaMarre's most recent association with a FINRA member firm was terminated. Although she is not currently associated with a FINRA member firm or registered with FINRA, LaMarre remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

In January 2014, LaMarre recommended an unsuitable strategy involving the consolidation of all of a customer's assets in a single taxable account without regard to the fact that several of these assets were in tax-deferred accounts or investment vehicles. LaMarre failed to give adequate consideration to the significant losses her client would incur as a result of the tax consequences of this recommendation. LaMarre thus did not have a reasonable basis to believe that the recommended strategy was suitable for the customer's investment profile, and thereby violated FINRA Rules 2111 and 2010.

In September 2014, Lamarre made a false statement on disclosure paperwork that was intended to conceal her role in recommending that another customer directly contact his two variable annuity ("VA") providers to make substantial cash withdrawals, even though both VAs were held in Baird accounts. LaMarre also made false statements to her member firm and FINRA about her role in the transactions. Through these actions, LaMarre violated FINRA Rules 2010 and 4511.

FACTS AND VIOLATIVE CONDUCT

LaMarre Makes an Unsuitable Recommendation.

FINRA Rule 2111(a) provides that "an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile." Moreover, a "customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation."

The Supplementary Material to FINRA Rule 2111 provides that there are three obligations associated with this Rule: reasonable-basis suitability, customer-specific suitability, and quantitative suitability. FINRA Rule 2111.05(b) provides that the "customer-specific obligation requires that a member or associated person have a reasonable basis to believe that the recommendation is suitable for a particular customer based on that customer's investment profile, as delineated in Rule 2111(a)."

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. A violation of FINRA Rule 2111 also constitutes a violation of FINRA Rule 2010.

IL and SL were an elderly married couple who had been long-standing customers of LaMarre. In December 2013, SL passed away. In the wake of his passing, IL met with LaMarre to discuss her financial options with respect to the various financial assets that IL has inherited. At the time, IL was 82 years old, had no investment or financial experience, and relied completely on LaMarre to make recommendations that were in her financial best interest. IL had a total net worth of less than \$200,000 and was living on a fixed income. LaMarre recommended a strategy that involved the liquidation of a variable annuity and two fixed annuities at other firms. LaMarre then consolidated those assets at Baird, and she invested the proceeds in a third-party managed account with a focus on income-producing securities. These assets comprised the vast majority of IL's net worth. LaMarre assured IL that she would handle this consolidation process on IL's behalf.

As a senior living on a fixed income, IL had relatively low reportable income on her federal tax return, and avoiding the payment of unnecessary federal income taxes was critically important to her long-term financial stability. LaMarre did not consider IL's tax status in connection with her recommended strategy. Instead, she and her assistant completed all of the requisite paperwork to liquidate the assets that IL was inheriting from her husband in a manner that maximized the negative tax consequences to IL. LaMarre was aware of and understood these negative tax consequences as a result of her review of disclosure paperwork, and also understood in each instance that other options were available that would have eliminated or reduced these consequences. As a result, LaMarre's recommended strategy that IL liquidate the following investments in order to invest the proceeds at Baird was unsuitable:

- IL was the beneficiary of a VA held by SL at another firm with a cash value of approximately \$70,000. Although IL had options available that would have continued the tax-deferred benefits of this contract (including retaining the contract under a spousal continuation option), LaMarre elected to take a lump-sum distribution on IL's behalf, which resulted in IL realizing taxable income in 2014 of \$39,395.
- IL was the beneficiary of a fixed annuity held by SL in an Individual Retirement Account ("IRA") at another firm. The cash value of this fixed annuity was \$55,670. LaMarre elected to take a lump-sum distribution of this contract and to deposit the proceeds in a non-qualified account at Baird, which resulted in IL realizing taxable income in 2014 of \$55,670. LaMarre could have elected to roll the proceeds of this liquidation into an IRA account, which would have had no tax consequences for IL.
- IL was the beneficiary of a fixed annuity that belonged to SL in a non-qualified account with an insurance company. The cash value of this fixed annuity was \$74,579. LaMarre was advised of at least two options with respect to this contract that would have prevented any negative tax consequences, but nonetheless elected to take a lump-sum distribution, which resulted in IL realizing taxable income in the amount of \$29,928.

LaMarre's unsuitable recommendation resulted in unnecessary tax liability of more than \$33,000. Moreover, the substantial spike in IL's taxable income for 2014 resulted in her 2016 social security benefit being reduced by \$264.80 a month. In light of IL's limited financial means and her short-term investment time horizon, no amount of positive performance in the third-party managed account could overcome these substantial up-front losses for IL. Accordingly, LaMarre's recommended strategy that IL liquidate her husband's assets and invest the proceeds at Baird was unsuitable. As a result of this unsuitable recommendation, LaMarre violated FINRA Rules 2111 and 2010.

LaMarre Provides False Information About Her Role in Two VA Withdrawals.

FINRA Rule 4511 requires member firms to make and preserve books and records in conformity with FINRA rules and Rules 17a-3 and 17a-4 of the Securities Exchange Act. Rule 17a-4(b)(4) requires firms to preserve records relating to communications concerning a firm's business. Moreover, a registered representative who enters inaccurate information into a firm's books and records violates FINRA Rules 4511 and 2010.

A registered representative also violates FINRA Rule 2010 by providing false information to her member firm, or by attempting to conceal misconduct.

LaMarre played an integral role in persuading her long-standing customer, CB, to make substantial withdrawals from his VAs independently and without Baird's supervision and oversight. She then attempted to conceal this misconduct by providing a false statement on disclosure paperwork, and providing false and/or misleading information to Baird and FINRA.

In July 2014, LaMarre began having communications with CB about liquidating one or both of his VAs (which were sponsored by ING and Lincoln National) and investing the proceeds in another VA or a managed fund. In September 2014, LaMarre advised CB via text message and in telephone conversations to withdraw funds from the ING VA. LaMarre provided instructions to CB on how to make the withdrawals, and provided CB with phone numbers and policy numbers. In all, LaMarre recommended that CB withdraw approximately \$118,000 from his VAs.¹ LaMarre intended that at least \$80,000 of the proceeds would be re-invested at Baird in another VA or a managed fund. LaMarre's instructions to CB were directly contrary to Baird's WSPs, which require that all VA withdrawals must include the completion of disclosure paperwork and be executed through Baird's Annuity and Insurance Operations Department.

Shortly after these two withdrawals were completed, LaMarre realized that she made a mistake by orchestrating these withdrawals away from the Firm's oversight and supervision. In order to conceal her mistake, LaMarre persuaded

¹ Although LaMarre had intended that CB withdraw all of these funds from the ING VA, she inadvertently provided him with the policy number and contact information for Lincoln National, which resulted in approximately \$105,000 being withdrawn by mistake from this VA.

CB to sign the required disclosure paperwork after the withdrawals had already been completed. On one of these forms, LaMarre provided a false narrative description that misrepresented that she had “not advise[d] the client to withdrawal [sic] money from this annuity” and which falsely stated that CB had contacted the annuity company “[u]nbeknownst to [LaMarre].”

In October 2014, CB learned that he would incur substantial tax liability from the withdrawals, and was angry that LaMarre had failed to disclose this fact to him. In a series of text messages, CB complained about LaMarre’s recommendation and the negative impact it would have on his financial situation. In violation of the Firm’s WSPs, LaMarre did not report CB’s complaint to management or compliance at Baird.

Baird subsequently investigated LaMarre’s role in the withdrawals. During this investigation, LaMarre made false statements to her supervisor about her own role in the two withdrawals, as well as the nature and extent of her text communications with CB. LaMarre then repeated these false statements in a written statement to FINRA.

By completing withdrawal paperwork after the fact, and including a false statement on that paperwork, LaMarre violated FINRA Rules 4511 and 2010. Moreover, LaMarre’s failure to disclose CB’s complaint and her false statements to FINRA and her supervisor about her role in the withdrawals constitute separate violations of FINRA Rule 2010.

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

A \$10,000 deferred fine and a one year suspension from association with any FINRA member firm in all capacities.

The fine shall be due and payable either immediately upon reassociation with a member firm, 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 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 accordance with FINRA Rule 8313;
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.

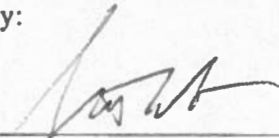
- D. I may attach a Corrective Action Statement to this AWC, that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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.

12-18-2017
Date

Jodie Ann LaMarre
Respondent Jodie Ann LaMarre

Reviewed by:

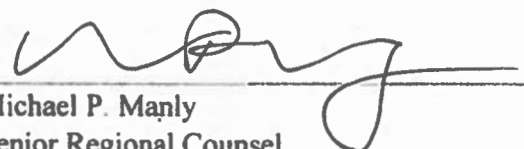


Steele T. Williams
Steele T. Williams, P.A.
Pineapple Place
1381 McAnsh Square
Sarasota, FL 34236-5620
Phone: (941) 378-1800
Email: SteeleTWilliams@comcast.net

Accepted by FINRA:

Feb. 23, 2018
Date

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



Michael P. Manly
Senior Regional Counsel
FINRA Department of Enforcement
12801 North Central Expy., Ste. 1050
Dallas, Texas 75248
Phone (972) 716-7612
Fax (972) 701-8554
Email: Michael.Manly@FINRA.org