

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048363601**

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

**RE: Jeffry Benjamin Vargas, Respondent
General Securities Representative
CRD No. 5485101**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Jeffry Benjamin Vargas, 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

Jeffry Benjamin Vargas ("Vargas") entered the securities industry on January 29, 2008 as an associated person with a FINRA member and remained employed there until January 2010. From September 2010 through December 2015, Vargas was employed as a registered representative with Wells Fargo Advisors, LLC ("Wells Fargo" or the "Firm").

Wells Fargo filed a Uniform Termination Notice for Securities Industry Registration ("Form U-5"), dated December 23, 2015, reporting that Vargas was discharged on December 2, 2015, after Vargas made an inaccurate statement on the Firm's internal systems indicating that he had verbally confirmed a customer's instruction with the customer, when he did not do so.

In February 2016, Vargas became registered with FINRA through an association with another FINRA member. However, Vargas voluntarily resigned that same

month. In April 2016, Vargas became associated with Western International Securities, Inc. ("Western International"), where he remains employed today.

Vargas obtained his Investment Company and Variable Contracts representative (Series 6) and Uniform Combined State Law Examination (Series 66) licenses in May 2008 and October 2009, respectively. Vargas also obtained his General Securities Representative Examination (Series 7) in December 2010.

RELEVANT DISCIPLINARY HISTORY

Vargas does not have any disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

During August 2015 and September 2015, Vargas violated NASD Rule 2510(b) and FINRA Rule 2010 by accepting third party orders, without prior written authorization, in a customer account. In addition, Vargas violated FINRA Rules 4511 and 2010 by inaccurately stating in the Firm's systems that he spoke with the customer about the orders over the telephone and verified the customer's identity, when he had not done so.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2510(b) provides that "[n]o member or registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals"

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. An individual may violate FINRA Rule 4511 by causing his or her member firm to maintain inaccurate books and records.

A violation of either NASD Rule 2510(b) or FINRA Rule 4511 is also a violation of FINRA Rule 2010, which requires a registered person to adhere to just and equitable principles of trade.

During August and September 2015, Wells Fargo's policies and procedures required its employees, among other things, to verbally confirm wire instructions with the customer, as well as verify the client's identity during that discussion. The employees were required to enter notes regarding the verbal confirmation into the Firm's web-based system for processing wire transfer requests.

On August 25, 2015, an imposter posing as a Firm customer ("Customer") sent an email to the Customer's assistant ("Assistant") requesting that the Assistant arrange for a wire transfer of \$7,500 from the Customer's Firm account to a third party bank account. Via telephone on that same day, the Assistant instructed Vargas to effect the wire transfer. The Assistant also forwarded Vargas a Letter of Authorization that the imposter provided, which was purportedly signed by the Customer. Later that same day, Vargas requested that the Firm effect the wire transfer by inaccurately stating in the Firm's system that he "spoke with client over the phone" and "verified" the client's identity, when he had not done so.

During a telephone call with the Assistant the next day, on August 26, 2015, Vargas informed the Assistant that the Customer's account lacked sufficient funds for the requested wire. During the telephone call, the Assistant instructed Vargas to sell shares of stock held in the Customer's account for approximately \$53,717. Vargas did not have written authorization from the Customer to accept orders from the Assistant. However, Vargas liquidated the Customer's stock positions on August 27, 2015.

On August 28, 2015, the Firm attempted to effect the wire transfer. However, on August 31, 2015, the third party bank rejected the wire transfer because it had concerns about its legitimacy. The Firm informed Vargas that the third party bank had rejected the wire transfer for this reason, and returned the funds to the Customer's account.

On August 31, 2015, an imposter posing as the Customer sent the Assistant another email requesting a wire transfer of \$52,000 from the Customer's account to an account in the Customer's own name at a bank in London, United Kingdom. Via telephone, the Assistant instructed Vargas to wire \$52,000 from the Customer's account. In addition, the Assistant forwarded Vargas a Letter of Authorization that the imposter provided, which was purportedly signed by the Customer. On September 1, 2015, Vargas requested that the Firm effect the wire transfer by inaccurately stating in the Firm's system that he "spoke with client over the phone" and "verified" the client's identity, when he had not done so.

On September 4, 2015, after the Firm effected the wire transfer, the Customer contacted Vargas and informed him that she has not authorized the wire transfer. At the Customer's request, the Firm reversed the wire transfer.

As a result of the foregoing conduct, Vargas violated NASD Rule 2510(b) and FINRA Rules 4511 and 2010.

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

- A suspension from associating with any FINRA member in any capacity for 30 days; and

- A fine in the amount of \$5,000.

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).

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

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.

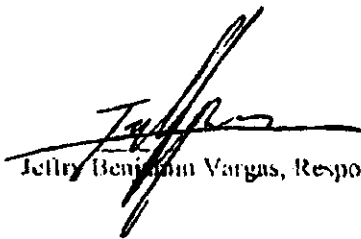
OTHER MATTERS

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.

12/06/2016
DATE


Jeffrey Benjamin Vargas, Respondent

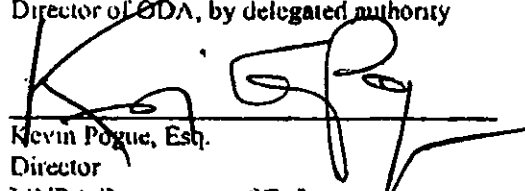
Reviewed by


Mark Hunter, Esq.
Counsel for Respondent
Hunter Taubman Fischer & Co. LLC
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Coral Gables, Florida 33134
305-629-8816

Accepted by FINRA

1/11/2017
DATE

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


Kevin Pogue, Esq.
Director
FINRA Department of Enforcement
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