

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016048636501**

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

RE: Donna Johnson, Respondent
General Securities Representative
CRD No. 4285943

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

Donna Johnson first became associated with Prospera as a non-registered fingerprint individual in December 2004. She received her Series 7 license in May 2005 and was then registered as a General Securities Representative through her association with Prospera. Johnson became registered with FINRA as an Operational Professional in December 2011. Johnson also holds a Series 63 license.

On October 9, 2015, Prospera involuntarily terminated Johnson's association with the Firm, and filed a Form U5 on her behalf. Johnson is not currently registered with FINRA or associated with a FINRA member firm, but she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-laws.

OVERVIEW

In June 2015, Johnson violated FINRA Rule 2010 by: (1) accepting four wire transfer requests from a customer via email, which were sent while the customer's

email was hacked, without verbal confirmation from the customer in violation of the Firm's written supervisory procedures; (2) recycling the customer's and registered representative's signature from previous documents; and (3) making false statements about whether the customer had verbally confirmed the wire transfer request. In addition, Johnson violated FINRA Rules 2010 and 4511 by causing the firm to maintain inaccurate books and records.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 states that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." It is a violation of FINRA Rule 2010 to falsify documents. Forging signatures, recycling previous signatures through cutting-and-pasting or other means, and utilizing forms that have been pre-signed by customers all constitute the falsification of documents. It is also a violation of FINRA Rule 2010 to provide a false attestation that a customer had verbally confirmed a wire transfer request.

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. A registered representative who enters inaccurate information into a firm's books and records violates FINRA Rules 4511 and 2010.

In June 2015, Johnson, a registered sales assistant who worked at Prospera and assisted TW, a Prospera broker, received four emailed requests for third-party wire transfers from an email account belonging to DH, one of TW's customers:

- a \$12,650 wire transfer on June 10, 2015, from a DH trust account to a third-party account at a foreign bank.
- an \$18,500 wire transfer on June 12, 2015, from one of DH's individual accounts to a third-party account at a foreign bank.
- a \$26,320 wire transfer on June 16, 2015, from DH's trust account to a third-party account at a foreign bank.
- a \$15,550 wire transfer on June 18, 2015, from a DH individual account to a third party account at a foreign bank.

In each of the four instances, Johnson failed to follow Firm WSPs that were specifically designed to prevent email hackers from obtaining funds from a customer's accounts. When Johnson submitted each request for processing, she falsely attested in Prospera's system that TW had verbally confirmed the request for processing. In fact, TW had not done so, and Johnson had not asked him if he had. Moreover, each request required the completion of a form signed by TW (in

the case of the trust accounts) or DH (in the case of the individual accounts). In each instance, Johnson improperly recycled the signatures of TW and DH from a previously-signed document by cutting and pasting the signatures onto the wire request form. Each of the four wire requests was processed by the clearing firm as a result of Johnson's violation of firm policies.

Unfortunately, DH's email account had been hacked at the time of these requests, and each of the requests was fraudulent. As a result, \$72,970 was wired to international banks, none of which was recovered.

In addition to the foregoing, Johnson recycled DH's signature on wire request forms on at least ten other occasions, involving legitimate requests for wire transfers. Johnson did not have the customer's knowledge or consent in any of the instances where she recycled previously-used signatures.

Prospera, which was unable to recover any of the \$72,970 that had been wired out pursuant to fraudulent email requests, immediately restored this amount to DH's accounts, and terminated Johnson's association with the firm as a result of her violation of Prospera's Written Supervisory Procedures.

By virtue of the foregoing, Johnson violated FINRA Rules 2010 and 4511.

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

A \$10,000 deferred fine and a nine-month 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(s) 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 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 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.

9-19-2017
Date (mm/dd/yyyy)

Donna Johnson
Respondent Donna Johnson

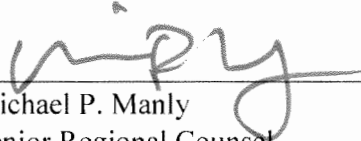
Reviewed by:
Bill S. Richmond
Bill S. Richmond
Counsel for Respondent
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Accepted by FINRA:

9/29/2017

Date

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

A handwritten signature in dark ink, appearing to read "m. p. manly", is written over a horizontal line.

Michael P. Manly
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