

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017055883501**

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

RE: Elizabeth Ann Guarino, Respondent
General Securities Representative
CRD No. 1264531

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Elizabeth Ann Guarino ("Guarino" or "Respondent") submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Guarino first became registered with FINRA in August 1984 as a General Securities Representative ("GSR"), and was associated with several FINRA member firms. In May 2008, Guarino became a GSR with Wells Fargo Clearing Services, LLC, (the "Firm"), a FINRA-regulated broker-dealer. On November 8, 2017, Wells Fargo filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting Guarino's voluntary termination from the Firm. Guarino is not currently associated with a FINRA member firm. Although Guarino is not currently associated with a FINRA member or registered with FINRA, she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

From March 2014 to April 2016 (“the Relevant Period”), Guarino recommended at least 12 speculative securities transactions to her elderly Firm customer BF that were unsuitable, in violation of FINRA Rules 2111 and 2010. During the same period, Guarino also effected at least 20 unauthorized transactions in BF’s account, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

I. Guarino Recommended Unsuitable Transactions in Speculative Securities

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. 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.”

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.

During the Relevant Period, Guarino made unsuitable investment recommendations to Customer BF, an elderly customer. BF was a homemaker with minimal investment experience and living on social security and income from her investment portfolio. She was a conservative investor with investment objectives of long-term and moderate growth and income. BF relied on Guarino to make suitable investment recommendations to pursue continuous financial support for her retirement. On at least 12 occasions, Guarino recommended that BF invest in oil and natural gas limited partnerships that were speculative, whose general credit rating was junk and which were unsuitable for BF.

For example, during May 2014, Guarino recommended that BF invest \$85,000 in shares of the preferred stock of Breitburn Energy Partners, a limited partnership focused on the exploration and production of oil and gas. Credit rating services characterized it to be a speculative investment. The prospectus disclosed that earnings were inadequate to cover fixed charges for the period from December 31, 2009, to March 31, 2014, and any proceeds raised from the preferred securities would be applied to reduce outstanding debt. Breitburn suspended its dividends payable to its preferred shareholders in April 2016. Like many of its peers, Breitburn was battered by declining oil and gas prices and

filed for Chapter 11 bankruptcy protection in May 2016. BF sustained losses of over \$74,000 on this investment.

Guarino also recommended at least 10 other transactions in three different oil and gas limited partnerships that were speculative and not suitable for Customer BF given her age, investment objectives and financial situation. As a result of Guarino's unsuitable recommendations, BF suffered principal losses of over \$150,000.¹

By virtue of the foregoing, Guarino violated FINRA Rule 2111 and 2010.

II. Unauthorized Trading

Unauthorized trading occurs when a registered representative effects transactions in a customer's account without first obtaining the customer's authorization or consent. Unauthorized trading is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of FINRA Rule 2010.

On at least 20 occasions during the Relevant Period, Respondent made unauthorized trades in BF's accounts. Guarino effected these trades without BF's knowledge and authorization or consent prior to entering the trades. Guarino thereby engaged in unauthorized trading in violation of FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A fifteen-month suspension from association with any FINRA member firm in any capacity;
- A \$10,000 fine; and
- Requalification by examination for the Series 7 (General Securities License).

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.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if she is barred or suspended from associating with any FINRA member, she becomes 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, she 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.

¹ Wells Fargo compensated BF for her losses.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against her;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
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. Respondent 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. Respondent 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 Respondent's: (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.

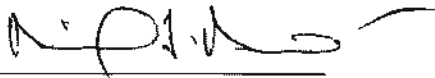
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that she may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement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

Respondent certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 her to submit this AWC.

10/31/19
Date

Elizabeth Ann Guarino
Elizabeth Ann Guarino
Respondent

Reviewed by:



Daniel J. Donovan
Counsel for Respondent
Donovan & Rainie, LLC
One South Street - Suite 1120
Baltimore, MD 21202

Accepted by FINRA:

Nov. 1, 2019
Date

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



Jasmine L. Abraham
Counsel
FINRA
Department of Enforcement
15200 Omega Drive
Rockville, MD 20850