

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

v.

CLYDE ANTHONY JENSEN
(CRD No. 5658476),

Respondent.

Disciplinary Proceeding
No. 2018059733101

Hearing Officer—BEK

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: August 27, 2021

INTRODUCTION

Disciplinary Proceeding No. 2018059733101 was filed on February 26, 2021, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA or Complainant). Respondent Clyde A. Jensen submitted an Offer of Settlement (Offer) to Complainant dated August 24, 2021. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, as amended by the Offer, 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, to the entry of findings and violations consistent with the allegations of the Complaint as amended by the Offer, and to the imposition of the sanctions set forth below, and fully

understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Jensen entered the securities industry in April 2009 and was last associated with a FINRA member firm in June 2021. From April 2009 to August 2018, October 2018 to December 2019, and March 2020 to June 2021, Jensen was registered with FINRA as a general securities representative through associations with five member firms, including, from December 2016 to August 2018, Ameriprise. FINRA retains jurisdiction over Jensen because the Complaint was filed while Jensen was associated with another member firm.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

Respondent Jensen was the broker of record for several accounts held by Customer J, a widow who, during the relevant period, was in her 90s. In March 2017, Jensen told his firm that Customer J wanted to name Jensen the beneficiary of nine securities in one of her firm accounts, which, at the time, were worth approximately \$600,000. Jensen's supervisor denied the request and told Jensen that firm policy prohibited either him or his family members from being a named a beneficiary of J's accounts. Nevertheless, just a few weeks later, Jensen, Customer J, and Customer J's then successor trustee and primary beneficiary of Customer J's existing trust ("Trustee S") met with an attorney who amended Customer J's trust to name Jensen the primary beneficiary and his children as contingent beneficiaries of the nine securities. Jensen failed to disclose to his supervising registered principal at the firm that he had been named beneficiary of Customer J's trust. The firm also did not know that Jensen's children had become contingent

beneficiaries and, at no time after Customer J's death did Jensen notify his supervisor that his children had become contingent beneficiaries of Customer J's trust as required under the firm's Policy. Jensen continued to manage Customer J's accounts until her death on July 10, 2018. In August 2018, Jensen attempted to have the securities transferred to an account he controlled, but his firm rejected the transfer. Jensen then resigned from the firm.

Jensen circumvented his firm's policies and his supervisor's directives in agreeing to be designated as a beneficiary of Customer J's trust, and by failing to notify his supervising registered principal that his children were designated contingent beneficiaries of Customer J's trust in the time period between when Customer J died and when Jensen resigned from the firm. He accordingly violated FINRA Rule 2010.

In addition, in February 2018, Jensen submitted an Annual Attestation to his firm on which he affirmed that he would abide by firm procedures and direction from his supervisor, could not inherit from a customer (other than immediate family), and would "immediately contact" his supervisor if he became aware of a prohibited beneficiary relationship. This Annual Attestation was false because, at the time he submitted it to his firm, Jensen knew he had been designated a beneficiary of Customer J's trust since May 25, 2017, in circumvention of firm policy and against his supervisor's express direction. By submitting the false Annual Attestation to his firm, Jensen violated FINRA Rule 2010.

FACTS

Background

Customer J became Jensen's client in 2011 when Jensen was associated with another FINRA member firm.

In or about December 2016, after Jensen joined Ameriprise, Customer J transferred her accounts that were managed by Jensen to Ameriprise.

Among the assets that Customer J transferred to Ameriprise were nine securities, valued at approximately \$662,000 as of January 2017.

Ameriprise's Policies and Procedures Prohibited Beneficiary Relationships

From the time Customer J moved her accounts to Ameriprise in January 2017 through her death on July 10, 2018 (the "Relevant Period"), Jensen was subject to Ameriprise's Compliance Manual Policy ("the Policy").

During the Relevant Period, Section 12.0 of the Policy included the following prohibition:

You or members of your household may not: [1] Knowingly be listed as the beneficiary, joint tenant or annuitant of any account, will, investment or other financial instrument belonging to any Ameriprise Financial client; [or] [2] Receive or inherit property or money from any Ameriprise client.

Section 12.0 provided further that, upon learning of a prohibited beneficiary relationship, one must:

1. Request, at the earliest reasonable opportunity that the client remove you or the member of your household.
2. Notify your field RP [Registered Principal] of the listing and your attempt to be removed.

The Policy also instructed: "[c]ontact your field RP if you become aware of a prohibited beneficiary relationship."

During the Relevant Period, "[m]ember of your household," for purposes of Section 12.0 of the Policy, included "your ... children."

During the Relevant Period, Section 12.0 of the Policy provided only one exception to the prohibition of beneficiary relationships with clients: where the “client qualifies as immediate family.”

Customer J was not Jensen’s immediate family.

Ameriprise Denied Jensen Permission to Inherit Customer J’s Securities

On March 21, 2017, Jensen submitted to the firm an application to open a new Ameriprise account for Customer J with Jensen as the servicing broker.

Along with the new account application, Jensen submitted a Transfer on Death (“TOD”) Account Agreement (Form 3214).

The TOD Account Agreement designated Jensen as the primary, 100 percent beneficiary of Customer J’s new account.

Along with the application and TOD Account Agreement, Jensen submitted a letter, executed by Jensen, Customer J, and Customer J’s then successor trustee and primary beneficiary of Customer J’s existing trust (“Trustee S”).

The letter recited the intent for Customer J to bequeath to Jensen nine of the securities she recently transferred to Ameriprise by “open[ing] up a single account [to hold the securities] and plac[ing] a Transfer on Death on it.”

The only holdings in the proposed new TOD account were to be the nine securities Customer J intended to bequeath to Jensen.

Jensen’s supervisor and field Registered Principal (“RP”) reviewed the application, TOD account agreement, and letter.

The next day, March 22, 2017, Jensen’s supervisor met with Jensen in person.

At the meeting, Jensen’s supervisor reviewed Section 12.0 of the Policy with Jensen.

Jensen's supervisor told Jensen that the TOD account application for Customer J would not be processed because opening the account would violate the Policy by establishing a beneficiary relationship between broker and client.

Thereafter, Jensen's supervisor and field registered principal prepared an electronic record of the March 22, 2017 meeting that stated Jensen had asked his supervisor whether he would be in trouble if Customer J left him part of her estate without his knowledge.

Jensen's supervisor reiterated the Policy's prohibition on being named a beneficiary or inheriting from a client. He also directed Jensen specifically to language stating that the firm would not provide legal representation to defend against legal action by an estate, family member, or other beneficiary.

Jensen stated that he understood the Policy, and that both he and Customer J understood that the TOD account application would be denied.

As of March 31, 2017, the nine securities that Customer J transferred to Ameriprise were valued at \$689,958.63.

Jensen Knowingly Became a Beneficiary of Customer J's Trust Without Notifying Ameriprise

In April 2017, Jensen attended a meeting with Customer J, Trustee S, and Customer J's attorney to discuss amending Customer J's trust agreement to bequeath the nine securities to Jensen.

On May 25, 2017, Jensen attended another meeting with Customer J, Trustee S, and the same attorney.

At the May 25, 2017 meeting, Customer J executed the First Amendment to her trust agreement, naming Jensen as the beneficiary of nine securities in her trust's Ameriprise account.

The First Amendment to Customer J's trust agreement provided further that, if Jensen did not survive Customer J, the nine securities were to be distributed equally among Jensen's children.

Jensen never notified his supervisor that he had become the beneficiary of a client's trust as required under the firm's Policy.

In the time period between when Customer J died and when Jensen resigned from the firm, Jensen never notified his supervisor that his children had become contingent beneficiaries of a client's trust as required under the firm's Policy.

Jensen never attempted to have Customer J remove him as a trust beneficiary, or his children as contingent trust beneficiaries, as required under the firm's Policy.

Jensen managed Customer J's firm accounts until her death on July 10, 2018.

The nine securities to be bequeathed to Jensen were worth \$833,735.35 at the time Customer J died.

In early August 2018, Jensen attempted to have the nine securities transferred to an account he controlled.

The firm rejected the attempted transfer.

On August 6, 2018, Jensen resigned from the firm.

In September 2018, Trustee S, as trustee of Customer J's trust, liquidated the nine securities for \$863,305.59. The proceeds were held in money market funds at the firm.

Jensen Submitted a False Compliance Attestation to Ameriprise

In February 2018, Jensen submitted an Annual Attestation to Ameriprise.

The February 2018 attestation required Jensen to respond to the following statement: "I attest that I understand how to access, am familiar with and will abide by the policies and procedures in the Compliance Manual, and will follow direction provided by my field leader(s)

or registered principal for expectations they have set forth for me in order to comply with these policies and procedures.”

Jensen checked “Yes” to the statement quoted in paragraph 46.

The February 2018 attestation also required Jensen to respond to the following statement: “I attest that[] I understand that I, or members of my household[], may not receive proceeds as a beneficiary, joint tenant or annuitant of any account, will, investment or other financial instrument belonging to an Ameriprise Financial client, or receive or inherit property or money from an Ameriprise client, unless the client qualifies as immediate family[], and I will immediately contact my field RP [registered principal] if I become aware of such a prohibited relationship.”

Jensen also checked “Yes” to the statement quoted in paragraph 48.

FIRST CAUSE OF ACTION
Unethical Conduct
(FINRA Rule 2010)

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

FINRA Rule 2010 establishes a broad ethical mandate for persons engaged in the securities industry. Even in the absence of a violation of another FINRA rule or securities law, a person violates Rule 2010 if he or she acts unethically or in bad faith.

Circumvention of a firm’s supervisory procedures violates FINRA Rule 2010.

Ameriprise’s Policy prohibited Jensen from entering and maintaining a beneficiary relationship with a client and required him, upon learning of such a prohibited relationship, to request the client remove him as a beneficiary and to notify his supervisor.

Jensen was aware of his firm's Policy and specifically instructed by his firm supervisor that he could not be a beneficiary of or inherit from a firm client generally and from Customer J specifically.

Nevertheless, and in circumvention of the firm's Policy and direction from his supervisor, Jensen agreed to become a beneficiary of Customer J's trust, entitling him to obtain valuable securities upon her death, and to have his children designated as contingent beneficiaries of her trust.

Jensen neither informed Ameriprise of these prohibited beneficiary designations, nor requested Customer J remove him and his children as a trust beneficiary and contingent beneficiaries, respectively. Rather, he actively participated in the process by which Customer J named him as a trust beneficiary and his children as contingent trust beneficiaries.

Jensen acted unethically by circumventing the firm's policies and procedures that prohibited him and his children from being designated as beneficiaries of Customer J's trust, actively pursuing and maintaining those designations even after the firm denied him permission to do so, and failing to report those designations to his firm.

By virtue of the foregoing, Jensen violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
False Compliance Attestation
(FINRA RULE 2010)**

FINRA Rule 2010 requires members to "observe high standards of commercial honor and just and equitable principles of trade." It is a violation of FINRA Rule 2010 for a registered person to make misrepresentations to his employing firm, including by submitting false statements on a firm compliance attestation.

Jensen attested “Yes” to the following statement on his 2018 Annual Attestation: “I attest that I understand how to access, am familiar with and will abide by the policies and procedures in the Compliance Manual, and will follow direction provided by my field leader(s) or registered principal for expectations they have set forth for me in order to comply with these policies and procedures.”

Jensen also attested “Yes” to the following statement on his 2018 Annual Attestation: “I attest that[] I understand that I, or members of my household[], may not receive proceeds as a beneficiary, joint tenant or annuitant of any account, will, investment or other financial instrument belonging to an Ameriprise Financial client, or receive or inherit property or money from an Ameriprise client, unless the client qualifies as immediate family[], and I will immediately contact my field RP [registered principal] if I become aware of such a prohibited relationship.”

This 2018 Annual Attestation was false because, when he submitted it on February 1, 2018, Jensen was a beneficiary of Customer J’s trust and his children were contingent beneficiaries of the same trust. Jensen failed to notify the firm of these designations, in circumvention of his firm’s Policy and against his supervisor’s direction.

By virtue of these actions, Jensen violated FINRA Rule 2010.

Based on the foregoing, Respondent violated FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be suspended from associating with any FINRA member in any capacity for six months and fined \$10,000. The fine shall be due and payable either immediately upon re-associating 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.

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

SO ORDERED.

FINRA

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

A handwritten signature in blue ink, appearing to read "R. Miller", is written over a horizontal line.

Robert Miller
Senior Litigation Counsel
FINRA Department of Enforcement
200 Liberty Street
Brookfield Place
New York, NY 10281