

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019062628701**

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

RE: Angel Wynette Bardeche (Respondent)
Former General Securities Representative
CRD No. 4698117

Pursuant to FINRA Rule 9216, Respondent Angel Bardeche 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 in this AWC.

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

Respondent entered the securities industry in August 2003 when she became associated with a FINRA member firm, and first registered with FINRA as a General Securities Representative in February 2004. From April 2007 to August 2012, she was associated with two other FINRA members. In August 2012 she became associated with Ameriprise Financial Services, Inc. and registered with FINRA as a General Securities Representative through her association with Ameriprise in August 2012.

According to a Form U5 filed by Ameriprise on May 16, 2019, Respondent was terminated on April 18, 2019 "for company policy violations related to failing to obtain authorization from clients prior to placing trades and mutual fund trading activity." Respondent has not thereafter associated with any FINRA member firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section IV of FINRA's By-Laws.

Respondent has no relevant disciplinary history.

OVERVIEW

From January 2017 to March 2019, Respondent recommended and effected an unsuitable strategy in recommending that her customers effect a pattern of switching of Class A mutual fund shares, including short-term liquidations, in violation of FINRA Rules 2111(a) and 2010.

In addition, during the relevant period, Respondent exercised discretion without prior written authorization when executing 109 transactions in eight customer accounts, in violation of NASD Rule 2510(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated with the firm's filing of a Form U5.

Respondent engaged in an unsuitable strategy when she recommended her customers effect a pattern of mutual fund switches, including short-term liquidations.

FINRA Rule 2111(a) requires that an associated person have a "reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer[.]" A violation of FINRA Rule 2111 is also a violation of FINRA Rule 2010, which provides that a registered representative "shall observe high standards of commercial honor and just and equitable principles of trade."

Customers pay upfront sales charges when buying Class A mutual fund shares. Because Class A mutual fund shares cause a client to incur an up-front fee, a client should typically hold the mutual fund long-term to benefit from the security's appreciation and offset the initial fee. If a client sells the Class A mutual fund soon after purchasing it, the customer may incur unnecessary and excessive expense. Thus, Class A mutual fund shares are generally suitable only as long-term investments. In addition, if a customer purchases a Class A mutual fund, sells it, and then purchases Class A shares with a new sales charge – known as a "mutual fund switch" – that client incurs an additional fee when purchasing the second Class A mutual fund. Such fees may be excessive and thus render the switch unsuitable.

During the relevant period, Respondent frequently recommended that her clients enter into unsuitable switching transactions that often included short-term liquidations. On 112 occasions, she recommended that 32 customers purchase Class A mutual fund shares, later sell those funds, and then use the proceeds to buy more Class A mutual fund shares. In many of those instances, she recommended that the customer purchase Class A shares and later sell them after only a short period (and use the proceeds to buy more Class A shares). In 49 instances, the customer sold the first Class A mutual fund within 18 months of purchasing it, and in 25 instances the customer sold the first Class A mutual fund within a year of its purchase. The customers paid a total of about \$450,000 in sales charges on the 112 switches.

Respondent also recommended costly back-to-back, short-term switches. For example, Respondent recommended that one senior customer sell Class A shares that the customer had held for only 10 months and use the proceeds to buy new Class A shares that included over \$3,100 in new sales charges. About eight months later, however, Respondent recommended that the customer sell again and use the proceeds in a switch to buy other Class A shares that carried over \$2,600 in new sales charges.

Respondent did not have a reasonable basis to believe that this recommended pattern of switching and short-term liquidations of mutual fund Class A shares was suitable for her customers.

Therefore, Respondent violated FINRA Rules 2111(a) and 2010.

Respondent exercised discretion without prior written authorization.

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 and the account has been accepted by the member, as evidenced in writing by the member..." A violation of NASD Rule 2510(b) is also a violation of FINRA Rule 2010.

During the relevant period, Respondent exercised discretion by effecting 109 trades in eight non-discretionary customer accounts, without prior written authorization from the customers and without prior written approval by her member firm.

Therefore, Respondent violated NASD Rule 2510(b) and FINRA Rule 2010.¹

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

- a nine-month suspension from associating with any FINRA member in any capacity;
- a \$10,000 fine; and
- disgorgement of \$5,000 plus interest as described below.

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.

Disgorgement of a portion of commissions received is ordered to be paid to FINRA in the amount of \$5,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from January 2017 until the date this AWC is accepted by the National Adjudicatory Council (NAC). Disgorgement shall be due and payable either immediately upon reassociation with a member firm or prior to any

¹ The firm paid approximately \$617,000 in settlements with Respondent's customers.

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 after the execution of this AWC, 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.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 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 its acceptance or rejection.

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

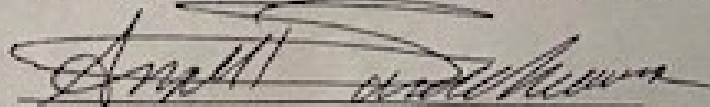
Respondent understands that:

- 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 its subject matter 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 testimonial obligations or 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.

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 understands and acknowledges that FINRA does not represent or advise her and Respondent cannot rely on FINRA for legal advice. 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce her to submit this AWC.

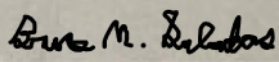
12/14/2020
Date


Angel Wynette Bardeche
Respondent

Accepted by FINRA:

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

January 6, 2021
Date


Bruce M. Sabados
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281-1003