

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

Department of Enforcement,

Complainant,

v.

CORINNE RENAE MITTAG,
CRD No. 2754498,

Respondent.

Disciplinary Proceeding
No. 2015044594201

Hearing Officer - MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: September 20, 2017

INTRODUCTION

Disciplinary Proceeding No. 2015044594201 was filed on March 28, 2017, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Corinne Renae Mittag (Mittag or Respondent) submitted an Offer of Settlement (Offer) to Complainant dated September 18, 2017. 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, 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, 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

Mittag entered the securities industry in 1996 when she registered as a Series 7 General Securities Representative ("GSR") with a FINRA regulated broker-dealer. In May 2013, Mittag became registered as a GSR with BancWest Investment Services Inc. (BancWest or the Firm), a FINRA regulated broker-dealer and subsidiary of Bank of the West Corporation.

On February 25, 2015, BancWest filed a Uniform Termination Notice of Securities Industry Registration (Form U5) disclosing that Mittag's employment with BancWest was terminated on February 10, 2015 because of "policy violations related to proper trading authorization and client verification." In November 2015, Mittag registered with another FINRA regulated broker-dealer, as a GSR. FINRA retains jurisdiction over Mittag as she is currently associated with a FINRA regulated broker-dealer.

FINDINGS AND CONCLUSIONS

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

SUMMARY

In January 2015, an imposter (Imposter) posing as a BancWest customer, RC, sent emails to Mittag, a registered representative at the Firm, requesting that Mittag sell securities to generate cash in the account to fund a wire request to a third-party in the United Kingdom. Despite BancWest's policies that prohibited trade requests received through email, traditional mail or voicemail from being accepted, and required wire requests sent to third-parties in foreign jurisdictions to be confirmed by telephone, Mittag never communicated by telephone about the

sales with customer RC or the Imposter and never obtained authorization from customer RC for the sales, thereby making unauthorized trades in customer RC's account, in violation of FINRA Rule 2010.

In January 2015, Mittag falsely represented to two principals at BancWest that she had spoken to customer RC regarding the request to sell securities and a request to wire transfer the resulting funds to a third party in a foreign jurisdiction, thereby violating FINRA Rule 2010.

By making these false representations, Mittag caused BancWest to sign an attestation form that inaccurately stated that BancWest had verbally confirmed the wire request with customer RC, thereby violating FINRA Rules 4511 and 2010.

STATEMENT OF FACTS

In January 2015, Mittag was employed at BancWest as a GSR in Omaha, Nebraska.

In her role at BancWest, Mittag made recommendations to, and processed requests from, customers, including requests to buy and sell securities and to wire money from customers' accounts.

Mittag was assigned to work with customers whose local Bank of the West branch did not have a GSR working onsite at the branch. Because of this, Mittag's interactions with customers occurred mainly by phone and email, rather than in-person.

A. BancWest's Policies and Procedures Prohibited Accepting Transaction Instructions by Email.

BancWest's policies and procedures effective in January 2015 prohibited the acceptance of trade orders through email, traditional mail or voicemail.

BancWest's policies and procedures effective in January 2015 also required that disbursement requests be received directly from a party authorized to transact business in the customer's account, and required that the authenticity of such requests be validated.

B. Mittag Makes Unauthorized Trades in Customer RC's Account.

On January 22, 2015, Mittag received an email from the Imposter who was posing as customer RC.

Unknown to Mittag, customer RC's email account had been impermissibly accessed by the Imposter.

In the first three emails between the Imposter and Mittag on January 22, 2015, the Imposter requested the available cash balance in customer RC's account and inquired as to how he could get \$34,000 in cash "for something very important and urgent."

Mittag responded that there were two options for generating cash in the account: (1) sell two of the "CDs" held in the account, or (2) contact the Real Estate Investment Trust ("REIT") in which customer RC was invested and sell a portion of that holding. Mittag explained that selling a portion of the REIT holding would take longer.

The Imposter responded that he needed the cash quickly and instructed Mittag to "make the \$34,000 available by Tuesday or Wednesday."

After this correspondence with the Imposter, on January 22, 2015, Mittag submitted trades to sell two corporate bond positions (inaccurately referred to by Mittag in the email correspondence as "CDs") held in customer RC's account, as follows:

Trade Date	CUSIP	Name	Quantity	Price
1/22/15	04621W-AC-4	Assured Gty US Hldngs Inc.	20	\$106.610
1/22/15	786514-BU-2	Safeway Inc.	14	\$100.785714

At no time prior to submitting these trades on January 22, 2015, did Mittag contact, or attempt to contact, customer RC by telephone, as required by the Firm's policies.

Mittag never obtained customer RC's authorization for these trades.

Mittag did not have written authorization from customer RC to exercise discretion in his account.

BancWest does not permit discretionary accounts and had not accepted customer RC's account as discretionary.

C. Mittag Makes False Representations to BancWest in Order to Process the Wire Transaction.

On January 22, 2015, and also on January 26, 2015, the Imposter and Mittag exchanged additional emails regarding the wire transfer of \$34,000 from customer RC's account at BancWest to a third-party's account in the United Kingdom.

For requests to send a wire to a third-party, BancWest required that the requesting customer's identity be verified using "VerID," an automated system that would contact the customer by telephone and confirm certain identifying information.

For requests to send a wire to a foreign jurisdiction, BancWest also required that certain disclosures about the wire be read to the requesting customer over the telephone in addition to the VerID confirmation.

On or around January 27, 2015, Mittag asked the Imposter for a telephone number at which he could be reached.

The Imposter informed Mittag by email that he could not be reached by telephone, and asked whether they could complete the wire request by email.

On or around January 27, 2015, Mittag spoke to her supervisor ES, a registered General Securities Principal ("GSP") at BancWest, regarding the wire transfer request and a potential exception to the requirement that customer RC's identity be confirmed over the telephone.

During her conversation with ES, Mittag falsely represented to ES that Mittag had spoken with customer RC over the telephone on or around January 22, 2015 when she had entered the orders to sell the corporate bonds from customer RC's account.

Based on this false representation, ES granted an exception to the requirement that customer RC's identity be confirmed using VerID.

On or around January 27, 2015, Mittag also spoke with Operations Manager JH, a registered GSP at BancWest, and sought an exception to the requirement that the disclosures about the wire be read to customer RC over the telephone.

During that conversation, Mittag again falsely represented to JH that she had spoken to customer RC on the telephone regarding the wire request.

Based on Mittag's false representation, JH granted an exception to the requirement that the disclosures about the wire be read to customer RC over the telephone, and instead allowed the disclosures to be sent to customer RC by email, signed and returned.

D. Mittag Causes the Firm to Create Inaccurate Books and Records.

Also in reliance on Mittag's false representation, JH signed a form required by BancWest's clearing firm attesting that BancWest had verbally confirmed the wire request with customer RC.

As a result of Mittag's false representation that she verbally confirmed the wire request with the customer, the attestation form signed by JH was inaccurate.

On or around January 28, 2015, BancWest wired \$34,000 from customer RC's account at BancWest to a third-party's account in the United Kingdom.

E. Mittag Again Makes Unauthorized Trades in Customer RC's Account.

On January 30, 2015, the Imposter wrote to Mittag again using customer RC's email account and asked Mittag to "please advise on how we can raise \$50,000 to \$80,000 before Thursday next week."

In response to the Imposter's January 30, 2015 email, Mittag recommended selling the remaining "brokered CDs" in customer RC's account.

The Imposter responded that he wanted the funds to be transferred by Tuesday or Wednesday "so please let me know if its is [sic] possible for you to start the trade today."

Mittag responded that she would place trades to liquidate "the remaining positions in your account today."

After this correspondence with the Imposter on January 30, 2015, Mittag submitted trades to sell four corporate bond positions and one mutual fund position held in customer RC's account, despite having recommended the sale of brokered CDs, as follows:

Trade Date	CUSIP	Name	Quantity	Price
1/30/15	71647N-AF-6	Petrobras Global Finance	20	\$80.189
1/30/15	18683K-AA-9	Cliffs Nat Res Inc.	20	\$72.817
1/30/15	91911T-AM-5	Vale Overseas Ltd.	15	\$94.77
1/30/15	786514-BU-2	Safeway Inc.	6	\$95.692
1/30/15	353496300	Franklin Income Fund Class A	9562.586	\$2.37

At no time on January 30, 2015, did Mittag contact, or attempt to contact, customer RC by telephone, as required by the Firm's policies.

Mittag never obtained customer RC's authorization for these trades.

F. The Imposter's Fraud is Discovered.

On February 2nd and 3rd of 2015, Mittag continued corresponding with the Imposter and assisted the Imposter with completing a wire request form for a second third-party wire to the United Kingdom.

On February 3, 2015, prior to the second wire request being completed, Mittag received a telephone call from customer RC, inquiring about the decline in the value of his account.

After Mittag explained that the decline in value was the result of the sales and wire transfer, customer RC indicated that he had never sought or authorized the sales or the wire.

Mittag informed her supervisors of her conversation with customer RC and BancWest stopped the second wire request and corrected all of the trades listed above.

BancWest was unable to recall the \$34,000 wire from the United Kingdom.

FIRST CAUSE OF ACTION Unauthorized Trading (FINRA Rule 2010)

FINRA Rule 2010 requires that all registered representatives observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

Making unauthorized trades in a customer's account violates FINRA Rule 2010.

Mittag did not have written authorization from customer RC to exercise discretion in his account.

BancWest does not permit discretionary accounts and had not accepted customer RC's account as discretionary.

On January 22, 2015 and January 30, 2015, Mittag submitted six sales of corporate bond positions and the sale of one mutual fund position from customer RC's account, as detailed above, without discussing such sales with customer RC or getting authorization from customer RC to make the sales.

By making unauthorized trades in customer RC's account, Respondent Mittag violated FINRA Rule 2010.

SECOND CAUSE OF ACTION

False Representations (FINRA Rule 2010)

FINRA Rule 2010 requires registered representatives to "observe high standards of commercial honor and just and equitable principles of trade."

A registered representative violates these standards when she makes misleading or false representations to a FINRA regulated broker-dealer or its representatives.

On or around January 27, 2015, Mittag falsely represented to ES that she had spoken with customer RC on or around January 22, 2015.

On or around January 27, 2015, Mittag also falsely represented to JH that she had spoken with customer RC.

Mittag had not spoken with customer RC by telephone or in-person at any point from January 22, 2015 through January 27, 2015.

Based on Mittag's false representations, Firm supervisors ES and JH granted exceptions to BancWest's policies requiring a customer's identity to be verified using VerID and requiring disclosures to be read to the customer over the telephone.

By making false representations to ES and JH, Respondent Mittag violated FINRA Rule 2010.

THIRD CAUSE OF ACTION

Causing the Firm to Create Inaccurate Books and Records (FINRA Rules 4511 and 2010)

FINRA Rule 4511 requires member firms to "make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules."

Section 17(a) of the Securities Exchange Act of 1934 requires that broker-dealers make and preserve certain books and records and Rule 17a-4(b)(4), promulgated thereunder, requires that a firm preserve records relating to communications concerning the broker-dealer's business.

Causing a firm to make and preserve false or inaccurate books and records is a violation of FINRA Rule 4511.

A violation of FINRA Rule 4511 is a violation of FINRA Rule 2010.

By falsely representing that she had spoken with customer RC, Mittag caused JH to believe that BancWest had verbally confirmed the \$34,000 wire request with the customer.

Based on this inaccurate belief, JH signed an attestation form, required by BancWest's clearing firm, warranting and attesting that BancWest had verbally confirmed the wire with the customer.

The attestation form, a Firm record, was false and inaccurate.

By causing the Firm to create and preserve false and inaccurate records in violation of Section 17(a) of the Exchange Act and Exchange Act Rule 17a-4, promulgated thereunder, Respondent Mittag violated FINRA Rules 4511 and 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

1. Suspended in all capacities for a period of 30 calendar days.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of Respondent's financial status, no monetary sanctions have been imposed.

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



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