



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
A.G. EDWARDS & SONS, INC.)
(N/K/A “WELLS FARGO CLEARING) Case No. AP-17-01
SERVICES, LLC”), CRD No. 4,)
)
Respondent.)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Chief Counsel Tyler B. McCormick, has alleged that A.G. Edwards, Inc., (k/n/a “Wells Fargo Clearing Services, LLC”), (“Respondent”) failed to reasonably supervise premature withdrawals out of a Missouri resident’s IRA account during the time period between August 7, 2001, and July 29, 2007, in violation of Section 409.4-412(d)(9), and it is the Enforcement Section’s position that this constitutes grounds to discipline Respondent pursuant to Section 409.4-412.
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Section 409.4-412(d)(9).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondent waives Respondent's right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal, should it be determined that Respondent is directly responsible for the false or incomplete information.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order, without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondent and Related Parties

12. A.G. Edwards & Sons, Inc.'s, ("A.G. Edwards" k/n/a "Wells Fargo Clearing Services, LLC"), Central Registration Depository ("CRD") number 4, is a Missouri registered

broker-dealer, with a main address of One North Jefferson Avenue, St. Louis, Missouri 63103. In 2008, A.G. Edwards, became part of Wachovia Securities, LLC. Subsequently, Wells Fargo & Company acquired Wachovia Securities, LLC, and the surviving relevant broker/dealer became Wells Fargo Advisors, LLC. On November 11, 2016, First Clearing, LLC merged with and into Wells Fargo Advisors, LLC. Simultaneously therewith, Wells Fargo Advisors, LLC, the survivor of the merger, changed its name to Wells Fargo Clearing Services, LLC.

13. Jim Ballinger (“Ballinger”), CRD number 11536, was a Missouri registered broker-dealer agent with A.G. Edwards from July 1992 through December 2007, and with Wachovia Securities, LLC from January 2008 until he passed away in April 2008. At all times relevant, Ballinger served as MR’s financial consultant, and he also served in the capacity of manager of the branch office.

B. Enforcement Section Investigation

14. In April 1999, a Missouri resident (“MR”) opened an IRA account with A.G. Edwards.
15. Between August 2001 and July 2007, through separate disbursements as outlined below, more than \$300,000 was withdrawn from MR’s IRA account. It is the Enforcement Section’s position that each of the premature disbursement request forms was incomplete and/or deficient in some manner. The transactions at issue are summarized below:
 - a. 08/17/01 – Early IRA Withdrawal of \$30,000.00
 - b. 07/13/04 – Early IRA Withdrawal of \$11,880.41
 - c. 08/15/05 – Early IRA Withdrawal of \$59,990.00
 - d. 02/02/06 – Early IRA Withdrawal of \$40,000.00
 - e. 06/25/06 – Early IRA Withdrawal of \$108,000.00
 - f. 06/12/07 – Early IRA Withdrawal of \$39,998.33
 - g. 07/29/07 – Early IRA Withdrawal of \$14,000.00
16. In particular, it is the Enforcement Section’s position that the signatures on each of the early distribution forms appear inconsistent from form to form, not all of the forms contain complete information, and the referenced withdrawal amounts reflected on a couple of the forms appear altered so that the amounts generated by trades in the account are consistent with the actual withdrawals.
17. MR alleges the following:
 - a. MR never authorized the disbursements from MR’s IRA account;

- b. MR never signed a premature disbursement request form and MR disputes the signatures on the forms; and
 - c. MR's now ex-spouse admitted to him that she forged MR's signature on the premature distribution forms.
18. Since the IRA account at issue was an individual account, only the account holder was authorized to withdraw money from the account.
19. Ballinger, the FA responsible for MR's account, and in the capacity of manager of the branch office, is unavailable for questioning due to his death.

II. CONCLUSIONS OF LAW

20. The Commissioner finds, based on his view of the premature distribution forms, that Respondent failed to reasonably supervise the IRA distributions in violation of Section 409.4-412(d)(9), and that these violations constitute grounds to discipline Respondent pursuant to Section 409.4-412.
21. The Commissioner, after consideration of the stipulations set forth above and on the consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over the Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Respondent is hereby CENSURED.
2. Respondent shall maintain and enforce procedures and systems for supervising the activities of agents, employees, and Missouri office operations in a manner reasonably designed to achieve compliance with applicable state and federal securities laws and regulations, and the rules of the Financial Industry Regulatory Authority;
3. Respondent shall pay \$25,672.17 to the Missouri Secretary of State's Investor Education and Protection Fund. This amount shall be sent within 30 days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund.
4. Respondent shall pay its own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 16th DAY OF February, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE

David M. Minnick
DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

Tyler B. McCormick
Tyler B. McCormick
Chief Counsel

RESPONDENT:

WELLS FARGO ADVISORS, LLC

BY: Gregory Spears

NAME: Gregory Spears

TITLE: Kansas Market Manager