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August 27, 2019

Wells Fined for Failing to Register Some Massachusetts Brokers

by [Vicky Ge Huang](https://advisorhub.com/team/vicky-ge-huang/) |

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Wells Fargo Clearing Services, LLC has agreed to pay Massachusetts a fine of \$450,000 for allegedly failing to properly register brokers who were conducting securities business in the state as recently as last summer.

In a consent order released on Tuesday, the state's securities division said that from January 2016 to June 2018 Wells Fargo failed to properly register more than 17% of its approximately 9,400 "agents" and their supervisors who were doing business in Massachusetts.

"We are pleased to have resolved this matter," a Wells Fargo spokeswoman wrote in an e-mail.

The settlement, which Wells consented to without admitting or denying the facts, follows almost three years of fines, public and private legal settlements and management reorganizations following the disclosure of fake accounts opened for bank customers by employees striving to meet sales quotas.

"I'm surprised the fine is not bigger," said Debra A. Jenks, whose Florida-based law firm often represents brokers in employment cases and was not involved in the Massachusetts settlement. "This is a highly regulated industry, and it doesn't really matter whether you're a big firm or small firm."

LPL Financial in June agreed to pay Massachusetts \$1.1 million (<https://advisorhub.com/lpl-fined-1-mln-for-unregistered-brokers-in-massachusetts/>) for failing to register 651 of its brokers in the state. Michigan's securities regulator in 2016 fined Oppenheimer & Co. \$900,000 (<https://advisorhub.com/tag/oppenheimer/>) for failing to register 40 investment advisors over a seven-year period.

According to the settlement, 1,098 "agents" of Wells Fargo Clearing and 561 of their supervisors had a lapse in their Massachusetts registrations that the state's Securities Division uncovered during examinations.

"Wells Fargo was informed at least 159 times by the Division between January 1, 2017 and July 31, 2018 that certain supervisors must be registered as agents," the order said. Some advisors failed to timely meet the state's annual registration renewal requirement because of "inconsistent" notices from Wells in newsletters and because of reliance on assistants to complete the renewals, according to the consent order.

It did not say how many, if any, of the supervisors or agents were part of Wells' channel of independent Financial Network contractors. Independent brokers often operate from small offices, and are sometimes overseen for compliance purposes by larger "offices of supervisory jurisdiction" in relatively close proximity. The Wells spokeswoman declined to comment on which wealth channels were addressed in the consent order.

In addition to agreeing to the \$450,000 fine, Wells Fargo agreed to review and enhance its policies and procedures related to agent registration.



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Ouch! Nuisance Calling Costs Small Florida Firm \$20,000
([A photograph of the exterior of a Panera Bread store. The sign above the entrance reads "PANERA BREAD" in large, white, block letters. The building has a brick facade on the left side and large glass windows. A blue and white accessibility sign is visible near the entrance.](https://advisorhub.com/ouch-</p></div><div data-bbox=)

(<https://advisorhub.com/forgetting-to-discuss-capital-gains-with-clients-can-be-costly/>)
Forgetting to Discuss Capital Gains with Clients Can Be Costly
([A professional headshot of a man with short, light-colored hair, smiling. He is wearing a dark suit jacket, a white shirt, and a red patterned tie. The background is a soft, out-of-focus grey.](https://advisorhub.com/forgetting-</p></div><div data-bbox=)

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to-discuss-capital-gains-with-clients-can-be-costly/)
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on Aug 27 2019, Jim Bob (<https://advisorhub.com/author/>) says:

That place is an absolute circus. Jim Donley rolled out an recruiting campaign back in the day poking fun at the competition. It included a mailer that stated "Last one to leave, turn out the lights." My how things have changed with Kowach at the helm. I liked him better when he was fat.

> Reply to Jim Bob

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FINRA BARS EX-RBC BROKER ACCUSED OF STEALING \$1.1 MILLION WINDFALL

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WINDFALL/)

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(<https://advisorhub.com/schwab-pursues-nebraska-broker-who-went-independent/>)



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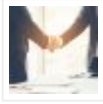
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(<https://advisorhub.com/250-mln-ameriprise-team-goes-to-rbc-100-mln-morgan-stanley-broker-to-sanctuary/>)

\$250-MLN AMERIPRISE TEAM GOES TO RBC, \$100-MLN MORGAN STANLEY BROKER TO SANCTUARY ([HTTPS://ADVISORHUB.COM/250-MLN-AMERIPRISE-TEAM-GOES-TO-RBC-100-MLN-MORGAN-STANLEY-BROKER-TO-SANCTUARY/](https://advisorhub.com/250-mln-ameriprise-team-goes-to-rbc-100-mln-morgan-stanley-broker-to-sanctuary/))

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(<https://advisorhub.com/wells-moves-two-teams-join-from-merrill-two-go-independent/>)

WELLS MOVES: TWO TEAMS JOIN FROM MERRILL, TWO GO INDEPENDENT

([HTTPS://ADVISORHUB.COM/WELLS-MOVES-TWO-TEAMS-JOIN-FROM-MERRILL-TWO-GO-INDEPENDENT/](https://advisorhub.com/wells-moves-two-teams-join-from-merrill-two-go-independent/))

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(<https://advisorhub.com/ex-merrill-chicago-broker-charged-with-stealing-millions-to-pay-credit-card-debt/>)

EX-MERRILL CHICAGO BROKER CHARGED WITH STEALING MILLIONS TO PAY CREDIT CARD DEBT ([HTTPS://ADVISORHUB.COM/EX-MERRILL-CHICAGO-BROKER-CHARGED-WITH-STEALING-MILLIONS-TO-PAY-CREDIT-CARD-DEBT/](https://advisorhub.com/ex-merrill-chicago-broker-charged-with-stealing-millions-to-pay-credit-card-debt/))

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(<https://advisorhub.com/this-weeks-top-stories-top-merrill-miami-broker-exits-jpmorgan-settles-claim-for-14-mln-dawn-bennett-appeals-and-more/>)

THIS WEEK'S TOP STORIES: TOP MERRILL MIAMI BROKER EXITS, JPMORGAN SETTLES CLAIM FOR \$14 MLN, DAWN BENNETT APPEALS, AND MORE ([HTTPS://ADVISORHUB.COM/THIS-WEEKS-TOP-STORIES-TOP-MERRILL-MIAMI-BROKER-EXITS-JPMORGAN-SETTLES-CLAIM-FOR-14-MLN-DAWN-BENNETT-APPEALS-AND-MORE/](https://advisorhub.com/this-weeks-top-stories-top-merrill-miami-broker-exits-jpmorgan-settles-claim-for-14-mln-dawn-bennett-appeals-and-more/))

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(<https://advisorhub.com/top-miami-broker-forced-out-by-merrill-acted-above-board-lawyer-says/>)

TOP MIAMI BROKER FORCED OUT BY MERRILL ACTED 'ABOVE BOARD,' LAWYER SAYS ([HTTPS://ADVISORHUB.COM/TOP-MIAMI-BROKER-FORCED-OUT-BY-MERRILL-ACTED-ABOVE-BOARD-LAWYER-SAYS/](https://advisorhub.com/top-miami-broker-forced-out-by-merrill-acted-above-board-lawyer-says/))

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IS IMPACT INVESTING GROWING TOO FAST? ([HTTPS://ADVISORHUB.COM/IS-IMPACT-INVESTING-GROWING-TOO-FAST/](https://advisorhub.com/is-impact-investing-growing-too-fast/))

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(<https://advisorhub.com/dawn-bennett-appeals-fraud-conviction-20-year-sentence/>)

DAWN BENNETT APPEALS FRAUD CONVICTION, 20-YEAR SENTENCE ([HTTPS://ADVISORHUB.COM/DAWN-BENNETT-APPEALS-FRAUD-CONVICTION-20-YEAR-SENTENCE/](https://advisorhub.com/dawn-bennett-appeals-fraud-conviction-20-year-sentence/))

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(<https://advisorhub.com/breaking-top-merrill-broker-patrick-dwyer-leaves-amid-accusations/>)

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ALPHA-DNA: JULY 2019 MONTHLY UPDATE ([HTTPS://ADVISORHUB.COM/RESOURCES/ALPHA-DNA-JULY-2019-MONTHLY-UPDATE/](https://advisorhub.com/resources/alpha-dna-july-2019-monthly-update/))

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