

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012035383801**

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

RE: Jeffrey D. Daggett, Respondent
General Securities Representative, General Securities Sales Supervisor
CRD No. 843023

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Jeffrey D. Daggett ("Daggett" or "Respondent"), submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Daggett first became registered with FINRA as a General Securities Representative ("GSR") through a member firm in 1977. From December 22, 2008 through July 22, 2013, Daggett was registered with FINRA through Wells Fargo Advisors, LLC ("WFA" or "Firm") as a GSR and General Securities Sales Supervisor. Between July 2013 and August 2014, Daggett was associated with Wells Fargo as a non-registered fingerprint person. Daggett is neither currently registered nor associated with a FINRA member firm.

Although Daggett is not currently registered with a FINRA member firm, he is subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, which provides for a two-year period of retained jurisdiction over formerly registered persons. Specifically, FINRA retains jurisdiction over Daggett through July 23, 2015, because the AWC will be issued within two years of WFA's filing a Form U5 Amendment on July 24, 2013, disclosing that Daggett may have engaged in conduct actionable under an applicable statute, rule or regulation.

RELEVANT DISCIPLINARY HISTORY

Daggett has no FINRA disciplinary history.

OVERVIEW

Daggett recommended unsuitable transactions in an Exchange Traded Note (“ETN”), and leveraged and inverse leveraged Exchange Traded Funds (“non-traditional ETFs”) in the accounts of his customer. By recommending unsuitable transactions, Daggett violated NASD Rule 2310 and IM-2310-2 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

From March 2010 to September 2011, Daggett recommended and traded transactions in an ETN and non-traditional ETFs in accounts held by customer JD. Specifically, Daggett concentrated two of JD’s accounts in a volatile and speculative ETN, an inverse triple leveraged ETF, and a triple leveraged ETF. Daggett’s recommendations were inconsistent with JD’s investment objectives of moderate growth and income.

Specifically, the prospectuses for the ETN that Daggett recommend to JD set forth numerous risks and cautioned investors that: the ETN may not be suitable for investors that are not willing to be exposed to fluctuations in volatility in general and to a daily rolling long position in futures contracts on the Chicago Board Options Exchange Volatility Index; and are intended for short-term trading and may not be appropriate for intermediate or long term investment time horizons. Additionally, the prospectuses for the non-traditional ETFs that Daggett recommended to his customer advised that the securities are intended to be used as short-term trading vehicles and are not designed to be long-term investments. Nevertheless, the ETN and the non-traditional ETFs that Daggett recommended to JD remained in the customer’s accounts for more than one daily trading session; specifically, they were held for periods ranging from approximately one month to two years.

Daggett recommended the ETN and non-traditional ETFs without having reasonable grounds for believing that the securities were suitable for customer JD in view of his financial situation, investment objectives and needs. As of August 21, 2012, JD’s realized and unrealized losses from investing in the ETN and non-traditional leveraged ETFs through Daggett were approximately \$88,099.75.¹ By recommending unsuitable transactions, Daggett violated NASD Conduct Rules 2310 and IM-2310-2 and FINRA Rule 2010.

¹ JD filed a written complaint with the Firm, and the Firm paid JD a restitution amount pursuant to a written settlement agreement.

B. I also consent to the imposition of the following sanctions:

- 1. A four-month suspension from association with any FINRA member firm in any capacity; and**
- 2. A \$20,000.00 fine.**

The fine shall be due and payable either immediately upon reassociation with a member firm following the four-month suspension noted above, 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;**
- 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.**

Further, I specifically and voluntarily waive any right to claim bias or prejudice 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

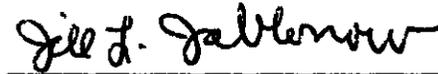
gl ⁰⁵
~~05~~/28/2015
Date (mm/dd/yyyy)


Jeffrey D. Daggett, Respondent

Accepted by FINRA:

06/29/2015
Date

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


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