

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042426401**

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

RE: Betty Lai Johnson, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 4710847

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Betty Lai Johnson, 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

Johnson first entered the securities industry in 2003 when a FINRA member firm filed a Uniform Application for Securities Industry Registration (“Form U4”) on her behalf. She obtained her Series 6 and Series 26 licenses in 2004 and registered with FINRA as an Investment Company Products/Variable Contracts Representative and an Investment Company Products/Variable Contracts Principal. She associated with Transamerica Financial Advisors, Inc., (“Transamerica” or “the Firm”) in January 2012. She remained there until September 23, 2014, when Transamerica filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) terminating her association. Johnson is not currently associated with a FINRA Member Firm. Although Johnson is not currently associated with a FINRA member or registered with FINRA, she remains subject to the jurisdiction of FINRA pursuant to Article V, Section 4(a) of FINRA’s By-Laws, which provides for a two-year period of retained jurisdiction over formerly-registered persons.

RELEVANT DISCIPLINARY HISTORY

Johnson has no relevant disciplinary history.

OVERVIEW

In June 2014, Johnson contacted TRP, a FINRA member firm, and impersonated a customer in order to effect a transfer from the customer's 401K account in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 provides that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade." It is well-established that impersonating a customer violates FINRA Rule 2010.

In early June 2014, Johnson met with Customer CW. During this meeting, Johnson recommended that CW liquidate her TRP 401(k) account and use the proceeds to purchase a variable annuity ("VA") through Johnson. CW completed Transamerica customer account forms and other paperwork to facilitate the liquidation of the funds in her TRP 401(k) account to fund the purchase of the VA.

After the meeting, CW changed her mind and decided she no longer wanted to purchase the VA or liquidate her TRP account, although she did not immediately inform Johnson that she had changed her mind. On or about June 9, 2014, after it received the paperwork that CW had completed during her meeting with Johnson, TRP contacted CW and informed her that, in addition to submitting paperwork, the transaction would require CW to verbally approve the liquidation of the TRP account in order to process the transaction. During the call, CW informed TRP that she no longer wished for the transaction to go forward and that she did not approve liquidating the TRP account.

Unbeknownst to CW, Johnson contacted TRP by telephone on June 13, 2014 and impersonated CW. During this call, Johnson, while purporting to be CW, gave verbal authorization to liquidate the funds in the TRP 401(k) account and use them to fund the purchase of the VA. CW did not authorize Johnson to impersonate her on the telephone. As a result of this unauthorized phone call, TRP permitted the TRP 401(k) account to be liquidated.

CW did not learn of Johnson's call to TRP until she received a notice on June 18, 2014 informing her that the transaction had been processed, and she contacted TRP to inquire why. After CW contacted TRP, the transaction was reversed.

As a result of the foregoing, Johnson violated FINRA Rule 2010.

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

A \$5,000 fine and a six-month suspension from association with any FINRA member firm in all capacities.

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.

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).

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.

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 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 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.

08/29/16
Date


Respondent Betty Li Johnson

Accepted by FINRA:

9/7/16
Date

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


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