

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017054395501**

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

RE: Joseph Eschleman, Respondent
Registered Representative
CRD No. 3237843

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Joseph Eschleman (“Eschleman” 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

Eschleman is currently, and since 1999 has been, registered as a general securities representative. From July 2003 to May 2017, he was registered as a general securities representative with Wells Fargo Clearing Services, LLC (“Wells Fargo” or the “Firm”). Wells Fargo discharged Eschleman when it learned of the conduct described herein. Eschleman is currently registered with another FINRA member.

RELEVANT DISCIPLINARY HISTORY

Eschleman has no relevant disciplinary history.

OVERVIEW

From early 2015 to December 2016, Eschleman exercised discretion in two customer accounts without first obtaining either written authority from his customers or Wells Fargo’s acceptance of the accounts as discretionary. As a result, Eschleman violated NASD Rule 2510(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2510(b) prohibits a registered representative from exercising discretion in a customer's account unless the customer has given prior written authorization and the registered representative's member firm has accepted the account in writing as discretionary.

FINRA began its investigation when Wells Fargo filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Eschleman's registration.

FINRA's investigation found that, on December 20, 2016, Eschleman exercised discretion without written authority when he sold a security in the Individual Retirement Account ("IRA") of customer GK in order to fund a required minimum distribution. On December 21, 2016, Eschleman again exercised discretion without written authority when he sold three securities from a trust account maintained by GK and his wife YK ("Trust Account"). GK gave Eschleman verbal authority to exercise discretion in the IRA account in August 2016, and GK and YK gave Eschleman verbal authority to exercise discretion in the Trust Account in 2015.

Prior to his exercise of discretion on December 20 and 21, 2016, Wells Fargo managers had discussed with Eschleman on several occasions "the need to have proper authorization to place orders," and the prohibition on exercising time and price discretion in customer accounts. Eschleman never received written authority to exercise discretion in either the IRA or the Trust Account and Wells Fargo never accepted either account as discretionary.

By virtue of the foregoing, Eschleman violated NASD Rule 2510(b) and FINRA Rule 2010.

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

- a suspension from associating in any and all capacities with any FINRA member firm for 10 business days; and
- a \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

07/16/2018
Date (mm/dd/yyyy)


Respondent

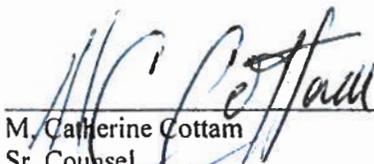
Reviewed by:


George C. Miller, Esq.
Counsel for Respondent
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San Diego, CA 92101
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Accepted by FINRA:

8/21/18
Date

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


M. Catherine Cottam
Sr. Counsel
FINRA Department of Enforcement
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