

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JOHN F. WOLLE
(CRD No. 5479607),

Respondent.

Disciplinary Proceeding
No. 2013035801101

Hearing Officer—CC

DEFAULT DECISION

April 15, 2014

Respondent falsified and forged a customer's signature on two annuity applications, failed to disclose outside business activities to his firm, and parked his registration with a firm to avoid requalification requirements, in violation of NASD Rule 1031 and FINRA Rules 3270 and 2010. For this misconduct, Respondent is barred in all capacities.

Appearances

Daniel L. Gardner, Esq., and Edwin Aradi, Esq., for the Department of Enforcement,
Complainant.

No appearance by or on behalf of John F. Wolle, Respondent.

DECISION

I. Introduction

On December 3, 2013, FINRA's Department of Enforcement ("Enforcement") filed an Amended Complaint with FINRA's Office of Hearing Officers,¹ alleging that Respondent John F. Wolle ("Wolle") (1) falsified and forged a customer's signature on two annuity applications, in violation of FINRA Rule 2010; (2) failed to provide his employer firm with prior written notice of outside business activities, in violation of FINRA Rules 3270 and 2010; and (3)

¹ Enforcement filed the original Complaint with the Office of Hearing Officers on November 19, 2013.

associated with a member firm without conducting a securities business to avoid FINRA's requalification requirements, in violation of NASD Rule 1031 and FINRA Rule 2010.²

Enforcement served Wolle with the Amended Complaint in accordance with FINRA's Code of Procedure, and Wolle failed to answer or otherwise respond. Accordingly, on February 24, 2014, Enforcement filed a Motion for Entry of Default Decision ("Default Motion"), together with the Declaration of Daniel L. Gardner in Support of the Department of Enforcement's Motion for Entry of Default Decision ("Gardner Decl.") and 12 exhibits.³

For the reasons set forth below, the Hearing Officer finds Wolle in default, grants Enforcement's Default Motion, and deems the allegations of the attached Amended Complaint admitted, pursuant to Rules 9215(f) and 9269(a).

II. Findings of Fact and Conclusions of Law

A. Wolle's Background

Wolle first associated with a FINRA member firm and registered with FINRA in January 2008 as an investment company products/variable contracts representative and introducing broker-dealer financial and operations principal.⁴ From February 2011 through January 2012, Wolle was associated with FINRA member Sinclair & Company, LLC ("Sinclair").⁵ On January 31, 2012, Sinclair terminated Wolle's association.⁶ Sinclair reported on a Uniform Termination Notice for Securities Industry Registration ("Form U5") that it terminated Wolle for "lack of

² FINRA's Rules, which include certain NASD Conduct Rules, are available at www.finra.org/rules.

³ Enforcement's exhibits are identified in this Decision as CX-1 through CX-12.

⁴ Gardner Decl. ¶ 5; CX-1.

⁵ *Id.*

⁶ *Id.*

broker-dealer activities.”⁷ Since January 31, 2012, Wolle has remained unregistered and has not associated with a FINRA member firm.⁸

B. FINRA’s Jurisdiction

FINRA has jurisdiction over this disciplinary proceeding pursuant to Article V, Section 4(a) of FINRA’s By-Laws⁹ because (1) Enforcement filed the Complaint and the Amended Complaint within two years after FINRA terminated Wolle’s registrations; and (2) the Amended Complaint alleges that Wolle engaged in misconduct during the period when he was registered with FINRA and associated with Sinclair.¹⁰

C. Origin of the Investigation

FINRA commenced an investigation of Wolle when Enforcement discovered Wolle’s misconduct during its investigation of another registered representative’s dealings with customer CF, the customer whose name Wolle forged on annuity applications.¹¹

D. Wolle’s Default

On November 19, 2013, Enforcement served Wolle with the Notice of Complaint and Complaint by first-class and certified mail sent to his two residential addresses recorded in the Central Registration Depository (“CRD”) – an address in Riviera Beach, Florida (“Florida CRD Address”) and an address in Manlius, New York (“New York CRD Address”).¹² The United States Postal Service (“USPS”) provided Enforcement with a certified mail delivery receipt

⁷ *Id.*

⁸ *Id.*

⁹ See Article V, Sec. 4, FINRA By-Laws, available at www.finra.org/rules (then follow “FINRA Manual” hyperlink to “Corporate Organization: By-Laws”).

¹⁰ Gardner Decl. ¶¶ 5, 6; CX-1. The Complaint alleges that Wolle falsified and forged a customer’s name on three annuity applications on three dates – July 2011, January 2012, and March 2012. The Amended Complaint confined its allegations of misconduct to the first two dates, both of which occurred before Sinclair terminated Wolle. Amended Complaint (“Amd. Compl.”) ¶¶ 16, 30-32.

¹¹ Gardner Decl. ¶ 4.

¹² Gardner Decl. ¶ 7; CX-1; CX-2; CX-3.

evidencing delivery of the certified mailing to the Florida CRD Address on December 9, 2013.¹³ The delivery receipt was signed “Wolle,” and did not include a first name.¹⁴ The USPS returned as undeliverable the certified mailing sent to the New York CRD Address.¹⁵

Prior to the due date for Wolle to file an answer to the Complaint, on December 3, 2013, Enforcement served Wolle with the Amended Complaint and Notice of the Amended Complaint via first-class and certified mail sent to his New York CRD Address and Florida CRD Address.¹⁶ The USPS provided Enforcement with a certified mail delivery receipt evidencing delivery of the certified mailing to the Florida CRD Address on December 6, 2013, and signed by an individual other than Wolle.¹⁷ The USPS returned as undeliverable the first-class and certified mailings that Enforcement sent to Wolle’s New York CRD Address.¹⁸

On January 2, 2014, Enforcement served Wolle at the Florida CRD Address and the New York CRD Address with the Second Notice of Amended Complaint and Amended Complaint via first-class and certified mail.¹⁹ The USPS provided Enforcement with a certified mail delivery receipt evidencing delivery on January 6, 2014, of the certified mailing to Wolle’s Florida CRD Address.²⁰ The delivery receipt bore the printed name “John Wolle” and included a signature that appears to be Wolle’s.²¹ The USPS returned as undeliverable the first-class and certified

¹³ Gardner Decl. ¶ 7; CX-2.

¹⁴ *Id.*

¹⁵ Gardner Decl. ¶ 7; CX-3.

¹⁶ Gardner Decl. ¶ 8; CX-4; CX-5; CX-6.

¹⁷ Gardner Decl. ¶ 8; CX-4.

¹⁸ Gardner Decl. ¶ 8; CX-5; CX-6.

¹⁹ Gardner Decl. ¶ 9; Cx-7.

²⁰ *Id.*

²¹ *Id.*

mailings that Enforcement sent to Wolle's New York CRD Address.²² On January 15, 2014, Enforcement served Wolle with an Amended Second Notice of Amended Complaint and Amended Complaint by first-class and certified mail at his two CRD addresses.²³ The USPS provided Enforcement with a certified mail delivery receipt evidencing delivery on January 30, 2014, of the certified mailing to Wolle's Florida CRD Address.²⁴ The delivery receipt bore a signature that appears to be Wolle's.²⁵ The USPS returned as undeliverable the first-class and certified mailings that Enforcement sent to Wolle's New York CRD Address.²⁶

The Amended Second Notice of Amended Complaint indicated that Wolle's answer was due on or before February 3, 2014.²⁷ Wolle did not file an answer.²⁸

FINRA Rule 9134(b) provides for service on a natural person at the person's residential address as indicated in CRD. The Hearing Officer finds that Wolle received actual notice of the January 2, 2014 Second Notice of Amended Complaint and the January 15, 2014 Amended Second Notice of Amended Complaint and constructive notice of all other Notices of the Complaint.²⁹ Accordingly, the Hearing Officer finds that Wolle defaulted by failing to answer or otherwise respond to the Amended Complaint.

²² Gardner Decl. ¶ 9.

²³ Gardner Decl. ¶ 10.

²⁴ Gardner Decl. ¶ 10; CX-10.

²⁵ *Id.*

²⁶ Gardner Decl. ¶ 10; CX-11; CX-12.

²⁷ Gardner Decl. ¶ 11.

²⁸ *Id.* Enforcement represents that, at the time of service of the Notices of Complaint and Amended Complaint, it did not have actual knowledge that Wolle's CRD addresses were invalid. Gardner Decl. ¶ 12. Handwritten notes on the certified mail delivery receipts evidencing delivery to Wolle of the Notices of Amended Complaint and Amended Complaint indicate that Wolle's street address in Riviera Beach, Florida may have changed. Gardner Decl. ¶ 10; CX-2; CX-7; CX-10. Enforcement represents that the two Riviera Beach, Florida addresses are in close proximity, and Wolle appeared to have signed at least three certified mail delivery receipts. *Id.*

²⁹ See *Dep't of Enforcement v. Moore*, Complaint No. 2008015105601, 2012 FINRA Discip. LEXIS 45, at *21 (FINRA NAC July 26, 2012) (finding constructive notice of a complaint served on respondent at his last known residential address, as indicated in CRD, by certified mail).

E. Cause One – Forgery

Since 2010, Wolle has been involved in an outside business entity known as “54F,” for which Wolle is treasurer and Wolle’s business associate, JG, is chief executive officer.³⁰ 54F purports to sell a product that it calls a “charitable gift annuity.”³¹ In June 2011, JG asked Wolle to complete and submit an annuity application for 71-year-old customer CF’s \$90,000 purchase of an indexed annuity (hereafter “the LFG annuity”) offered by Lincoln Financial Group (“LFG”).³² JG represented to Wolle that he asked Wolle to complete and submit the application because JG was not approved to sell LFG annuities.³³ At the time, Wolle was approved as an independent insurance agent with LFG.³⁴ JG also represented to Wolle that the LFG annuity was eligible for sale only in New Jersey, and CF was a resident of New York.³⁵ Wolle nonetheless submitted an application for the LFG annuity on behalf of CF.³⁶

JG gave Wolle a copy of a blank annuity application except for CF’s signature on the customer line and claimed that CF had authorized 54F to complete and process the application on her behalf.³⁷ Wolle never spoke to or met with CF, so he never confirmed that she signed the blank application.³⁸ At the time, Wolle knew that CF had invested a total of \$455,000 with 54F and that JG had used some of CF’s money to pay for personal expenses and to finance 54F’s

³⁰ Amd. Compl. ¶ 6.

³¹ *Id.* 54F represented on its website that, when a customer purchases a charitable gift annuity, 54F uses a portion of the customer’s funds to purchase one or more fixed or indexed annuities and makes charitable donations on the customer’s behalf with the remainder of the funds. Amd. Compl. ¶ 7.

³² Gardner Decl. ¶ 18; Amd. Compl. ¶ 8.

³³ Amd. Compl. ¶ 9.

³⁴ Gardner Decl. ¶ 19.

³⁵ Amd. Compl. ¶ 8.

³⁶ Amd. Compl. ¶¶ 10-13.

³⁷ Amd. Compl. ¶ 10.

³⁸ Gardner Decl. ¶¶ 15, 16; Amd. Compl. ¶ 13.

operations.³⁹ Wolle also knew that JG would later direct him to submit additional applications on behalf of CF.⁴⁰ Wolle photocopied the blank, pre-signed annuity application and kept multiple copies in his files.⁴¹

Wolle thereafter forged CF's signature on two documents related to the LFG annuity application – a Disclosure Statement Signature Page and a Fixed/Indexed Deferred Annuity Supplement – without authorization from CF.⁴² Wolle placed copies of the forged documents in his files and completed the application in CF's name using information supplied by JG.⁴³ Wolle submitted the LFG annuity application to LFG on July 1, 2011, and signed the application as the selling agent.⁴⁴ When Wolle signed the application as selling agent, he falsely attested that: (1) he had discussed the advantages and disadvantages of the annuity with CF; (2) the contracts were principally negotiated, issued, and delivered in New Jersey; (3) all communications about the application occurred in New Jersey; and (4) he had witnessed CF sign the application in New Jersey.⁴⁵

In January 2012, JG again asked Wolle to complete and submit an LFG annuity application on behalf of CF for a \$90,329 purchase.⁴⁶ Wolle completed the annuity application using the copies of the blank, pre-signed application he had retained, and copies of the two policy documents upon which he previously forged CF's signature.⁴⁷ Once again, Wolle falsely

³⁹ Gardner Decl. ¶ 17; Amd. Compl. ¶¶ 11, 20.

⁴⁰ Amd. Compl. ¶ 11.

⁴¹ Amd. Compl. ¶ 12.

⁴² Amd. Compl. ¶ 13.

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ Gardner Decl. ¶ 16; Amd. Compl. ¶ 14.

⁴⁶ Amd. Compl. ¶ 15.

⁴⁷ *Id.*

attested that: (1) he had discussed the advantages and disadvantages of the annuity with CF; (2) the contracts were principally negotiated, issued, and delivered in New Jersey; (3) all communications about the application occurred in New Jersey; and (4) he had witnessed CF sign the application in New Jersey.⁴⁸ Wolle received approximately \$14,000 in commissions for the annuity sales to CF, and he remitted all of the commissions to JG.⁴⁹

In June 2012, CF informed LFG that the annuity purchases were not authorized, and LFG thereafter cancelled the contracts and returned the portion of CF's funds that Wolle had submitted to the insurance company.⁵⁰

Forgery is a violation of FINRA Rule 2010 particularly where, as here, the misconduct inures to the benefit of the forger or injures the victim.⁵¹ Furthermore, the submission of documents containing false attestations and signatures to LFG is a violation of the requirements of Rule 2010 to observe high standards of commercial honor and just and equitable principles of trade.⁵² The Hearing Officer finds that the facts alleged in the Complaint establish that Wolle falsified and forged a customer signature on annuity applications, in violation of FINRA Rule 2010.

⁴⁸ Gardner Decl. ¶ 16; Amd. Compl. ¶ 17. The Amended Complaint noted that Wolle repeated the same conduct for a third LFG annuity application on behalf of CF in the amount of \$74,669 on March 2012. Amd. Compl. ¶ 15. The Amended Complaint also noted that, at the time of the March 2012 application, Wolle was not associated with Sinclair. Amd. Compl. ¶ 16. The Amended Complaint therefore did not allege the March 2012 falsified application and forgery as part of the violative conduct. Amd. Compl. ¶¶ 16, 30-32.

⁴⁹ Amd. Compl. ¶ 19.

⁵⁰ Amd. Compl. ¶ 21.

⁵¹ See *Geoffrey Ortiz*, Exchange Act Rel. No. 58416, 2008 SEC LEXIS 2401, at *16 (Aug. 22, 2008) ("We have repeatedly held that forgery is a violation of Rule [2010] when the misconduct defrauds a customer or otherwise benefits the forger.")

⁵² See *James A. Goetz*, 53 S.E.C. 472, 477-78 (1998); *DWS Sec. Corp.*, 51 S.E.C. 814, 821 (1993) ("We have long recognized that Section 1 [precursor to FINRA Rule 2010] is not limited to rules of legal construction but rather that it states a broad ethical principle that implements the requirements of Section 15A(b) of the Securities Exchange Act.").

F. Cause Two – Undisclosed Outside Business Activities

While associated with Sinclair and registered with FINRA, Wolle functioned as an independent insurance agent with LFG.⁵³ Wolle was associated with Sinclair when, in June 2011 and January 2012, he submitted falsified and unauthorized annuity applications for CF's LFG annuity purchases.⁵⁴ Wolle did not disclose to Sinclair that he was appointed as an independent insurance agent with LFG and licensed to sell indexed annuities in various states.⁵⁵ In connection with Wolle's purported annuity sales to CF, LFG paid Wolle commissions of approximately \$14,000.⁵⁶

FINRA Rule 3270 states that no registered person may function as "an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated . . . as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member firm." Wolle failed to provide prior written notice to Sinclair of his insurance activities.⁵⁷ The Hearing Officer finds that Wolle violated FINRA Rules 3270 and 2010 during the period alleged in the Amended Complaint.⁵⁸

G. Cause Three – Associating with Member to Avoid Requalification

Wolle testified on-the-record during FINRA's investigation in this matter that he associated with Sinclair 23 months after the termination of his association with FINRA member

⁵³ Gardner Decl. ¶ 19.

⁵⁴ Amd. Compl. ¶¶ 4, 13, 16.

⁵⁵ Amd. Compl. ¶¶ 22, 23.

⁵⁶ Amd. Compl. ¶ 19.

⁵⁷ Amd. Compl. ¶ 35.

⁵⁸ A violation of another FINRA Rule, such as Rule 3270, constitutes conduct inconsistent with just and equitable principles of trade and a violation of FINRA Rule 2010. *Stephen J. Gluckman*, 54 S.E.C. 175, 185 (1999); *Dep't of Enforcement v. CapWest Sec., Inc.*, Complaint No. 2007010158001, 2013 FINRA Discip. LEXIS 4, at *25, n. 21 (FINRA NAC Feb. 25, 2013).

Ridgeway & Conger, Inc. because his registration with FINRA was about to lapse, and he did not want to requalify by examination.⁵⁹ Indeed, Sinclair terminated Wolle's association on January 31, 2012, for lack of broker-dealer activity.⁶⁰ Wolle also testified on-the-record that he never met anyone associated with Sinclair prior to his association with the firm and that, while associated with Sinclair, he had no sales, had not printed business cards, had no office, and had not made any efforts to sell securities.⁶¹

NASD Rule 1031(a) prohibits member firms from maintaining registration with FINRA for any person: (1) who is no longer active in the firm's investment banking or securities business; (2) who no longer functions as a representative; or (3) where the sole purpose is to avoid the examination requirements of the rule. FINRA Rule 0140 states that associated persons, such as Wolle, shall have the same duties and obligations as a member firm under FINRA's rules. Thus, the proscriptions on parking registrations established in NASD Rule 1031 apply with equal force to Wolle and Sinclair. Wolle associated with Sinclair solely to maintain his registration status and did not engage in the firm's securities business. The Hearing Officer finds that, by doing so, Wolle violated NASD Rule 1031 and FINRA Rule 2010.⁶²

III. Sanctions

The FINRA Sanction Guidelines ("Sanction Guidelines") for forgery and falsification of documents provide that a bar should be considered in egregious cases.⁶³ The Sanction

⁵⁹ Gardner Decl. ¶ 22. Wolle associated with Ridgeway & Conger, Inc. from September 2008 through March 2009, when the firm terminated him for lack of production. Amd. Compl. ¶ 25; CX-1. NASD Rule 1031(c) states that any person whose registration has been terminated for a period of two or more years must pass a qualification examination in the appropriate category to associate with another member firm.

⁶⁰ Amd. Compl. ¶¶ 27, 28; CX-1.

⁶¹ Gardner Decl. ¶ 22.

⁶² A violation of another FINRA Rule, such as NASD Rule 1031, constitutes conduct inconsistent with just and equitable principles of trade and a violation of FINRA Rule 2010. *Gluckman*, 54 S.E.C. at 185.

⁶³ FINRA Sanction Guidelines at 37 (2013), available at www.finra.org/Industry/Enforcement/sanctionguidelines.

Guidelines recommend consideration of the nature of the forged and falsified documents and whether the Respondent held a good faith, but mistaken, belief as to implied authority.⁶⁴ Neither factor is mitigating here. Wolle never met or spoke with CF, so there can be no misunderstanding as to implied authority. The documents that he forged and falsified were annuity applications that caused unauthorized purchases of annuities valued at several thousands of dollars. Wolle misrepresented to LFG important facts related to LFG's annuities sales. Specifically, he misrepresented that the sales occurred in New Jersey, that he had discussed the products with CF, and that he had witnessed her signing the application documents. These facts aggravate the violation.

Furthermore, the general Principal Considerations for Determining Sanctions⁶⁵ also are aggravating. As discussed above, Wolle photocopied a document containing a signature purporting to be CF's and, without even knowing if CF actually signed the original document, used the photocopies for other annuity applications and forged CF's name himself on additional official documents. Wolle falsified several annuity documents both by forging CF's signature and by falsely attesting to the circumstances surrounding the annuity sales.⁶⁶ Wolle also acted intentionally.⁶⁷ His misconduct occurred over the course of a year, resulted in the potential for significant customer loss, and enabled Wolle to earn a significant commission, which he gave to JG.⁶⁸ There is no evidence of any mitigating factors related to Wolle's misconduct.

⁶⁴ *Id.*

⁶⁵ Guidelines at 6-7.

⁶⁶ Guidelines at 6-7 (Principal Consideration Nos. 8, 18).

⁶⁷ Guidelines at 6-7 (Principal Consideration No. 13).

⁶⁸ Guidelines at 6-7 (Principal Consideration Nos. 9, 11, 17). An additional aggravating factor is Wolle's knowledge that JG used some of CF's funds for his own benefit and to cover 54F's expenses.

The Sanction Guidelines for outside business activities recommend, in cases like this one involving significant aggravating factors, a suspension of up to one year and, in egregious cases, a longer suspension, or a bar.⁶⁹ The Sanction Guidelines recommend consideration of the amount of customer loss and the degree to which the respondent concealed his outside activity from the firm.⁷⁰ Wolle's submissions of CF's annuity applications resulted in the use of \$254,998 of CF's funds for unauthorized annuity purchases.⁷¹ Wolle disclosed none of his outside activities to Sinclair, and engaged in significant misconduct, such as falsifying documents and forgery, during the time that he engaged in outside activities. These facts aggravate Wolle's violation.

The Sanction Guidelines for registration violations recommend suspending an individual respondent for six months in all capacities and, in egregious cases, a longer suspension, or a bar in all capacities.⁷² Several aggravating factors are present here. Wolle's misconduct was intentional.⁷³ He admitted during testimony under oath that his only reason for associating with Sinclair was to park his registration and avoid requalification. He made no efforts to conduct a securities business at Sinclair, and he concealed from Sinclair all of his outside business activities.

The Hearing Officer finds that the facts and circumstances of this case warrant a bar for the violations alleged in each Cause of Action. As discussed above, there are numerous aggravating factors present and no mitigating factors. Accordingly, for the violations alleged in

⁶⁹ Guidelines at 13.

⁷⁰ *Id.*

⁷¹ Enforcement has not requested restitution because LFG cancelled the annuities at issue and refunded CF's money. Gardner Decl. ¶ 23. CF lost other funds as well, but Enforcement has not alleged that Wolle was the proximate cause of CF's other losses. *Id.*


⁷² Guidelines at 45.

⁷³ Guidelines at 6-7 (Principal Consideration No. 13).

each of the three Causes of Action, FINRA bars Wolle from associating with any FINRA member firm in any capacity.

IV. Order

Respondent is barred from associating with any FINRA member firm in any capacity for: (1) falsifying and forging a customer's signature on annuity applications, in violation of FINRA Rule 2010; (2) failing to provide Sinclair with prior written notice of his outside business activities, in violation of FINRA Rules 3270 and 2010; and (3) associating with Sinclair without conducting securities business to avoid requalification requirements, in violation of NASD Rule 1031 and FINRA Rule 2010. The bars shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.



Carla Carloni
Hearing Officer

Copies to:

John F. Wolle (*via overnight and first-class mail*)
Daniel L. Gardner, Esq. (*via electronic and first-class mail*)
Edwin Aradi, Esq. (*via electronic mail*)
Jeffrey Pariser, Esq. (*via electronic mail*)

EXHIBIT A

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

John F. Wolle (CRD No. 5479607),

Respondent.

DISCIPLINARY PROCEEDING
No. 2013035801101

Hearing Officer – MC

AMENDED COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between May and July 2011, John Wolle forged the name of CF, a person he had never spoken to or met, on three indexed annuity applications totaling \$254,998. Without CF's knowledge or authorization, Wolle then completed the applications in her name and submitted them to the insurance company, LFG, between July 2011 and March 2012. As a part of the applications, Wolle falsely attested that he had discussed the annuities with CF and that he had witnessed CF sign the applications.

2. Wolle failed to disclose to his firm that he was engaged in outside insurance business. Wolle also registered with a member firm without any intent to engage in securities activities and instead to avoid the examination requirement.

3. By virtue of his conduct, Wolle violated FINRA Rule 2010, FINRA Rule 3270, and NASD Rule 1031(a).

RESPONDENT AND JURISDICTION

4. John F. Wolle (CRD No. 5479607) entered the securities industry in January 2008 and was associated with two FINRA member firms before February 2011, when he registered with Sinclair & Company, LLC ("Sinclair"). While in the securities industry, Wolle held the following securities licenses: Series 6, Series 26, Series 28, and Series 63. Wolle was terminated by Sinclair on January 24, 2012, for "lack of broker-dealer activities," and his registrations with Sinclair were terminated on January 31, 2012.

5. Although Wolle is not currently associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws of the Corporation, because (1) this Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA member, namely January 31, 2012, and (2) this Complaint charges him with misconduct while he was associated with a FINRA member.

STATEMENT OF FACTS

A. Wolle Forged and Falsified Annuity Applications

6. Since 2010 Wolle has been involved in various businesses run by his associate, JG. One of those businesses is an entity known as 54F. Wolle is the treasurer of 54F and JG is its CEO. 54F purports to sell a product called a "charitable gift annuity."

7. According to 54F's website and other marketing materials, when a customer purchased a charitable gift annuity, 54F claimed to use a portion of the customer's funds to purchase one or more fixed or indexed annuities and to make charitable donations on the customer's behalf with the rest of the customer's funds.

8. In June 2011, JG asked Wolle to complete and submit an application to purchase \$90,000 of an indexed annuity offered for sale by LFG and eligible for sale only in New Jersey (the "LFG Annuity") on behalf of CF, a resident of Seneca Falls, New York.

9. JG told Wolle that CF was a customer referred to 54F by BM, a registered representative at a third party broker-dealer. JG asked Wolle to complete and submit the annuity application because JG was not appointed as an agent with the insurance company that offered and underwrote the policy.

10. JG gave Wolle a copy of an annuity application that was blank except for a signature of CF's name in the customer line. JG told Wolle that BM had obtained the signed blank form from CF. JG also claimed that CF had authorized 54F to process the annuity application on her behalf.

11. Wolle knew that CF had invested a total of \$455,000 with 54F and that he would therefore need to complete and submit additional applications for the same indexed annuity on CF's behalf in the future.

12. Wolle made copies of the blank, pre-signed annuity application and kept the copies in his files.

13. Wolle had never met or spoken with CF. Despite that, he forged her signature on two documents related to the application—a Disclosure Statement Signature Page and a Fixed/Indexed Deferred Annuity Supplement—without any authorization to do so. Wolle placed copies of these forged documents in his files. He completed the application in CF's name using information supplied by JG, and submitted it to the insurance company on July 1, 2011. He signed the application as the selling agent.

14. In signing the application, Wolle falsely attested that:
- a. he had discussed the advantages and disadvantages of the annuity with CF;
 - b. the contracts were principally negotiated, issued, and delivered in New Jersey;
 - c. all communications about the applications occurred in New Jersey; and
 - d. he had witnessed CF sign the application in New Jersey.

Wolle knew these attestations were false at the time he made them.

15. In January 2012 and again in March 2012, JG asked Wolle to complete and submit applications on CF's behalf for two additional purchases of the LFG Annuity in the amounts of \$90,329 and \$74,669, respectively. Wolle completed the annuity applications using the copies of the blank, pre-signed application he had retained, as described in paragraph 12, along with copies of the two policy documents on which he had previously forged CF's signature.

16. Wolle was associated with Sinclair when he submitted the unauthorized annuity application in January 2012. He was not associated with a FINRA member firm when he submitted the unauthorized annuity application in March 2012.

17. Wolle did not speak with CF or otherwise obtain her authorization to sign or submit either annuity application on her behalf. Wolle signed both applications as the selling agent. In signing each application, Wolle falsely attested that:

- a. he had discussed the advantages and disadvantages of the annuity with CF;
- b. the contracts were principally negotiated, issued, and delivered in New Jersey;
- c. all communications about the applications occurred in New Jersey; and

d. he had witnessed CF sign the application in New Jersey.

Wolle knew these attestations in each application were false at the time he made them.

18. The purchase of the two additional LFG Annuities, along with the \$90,000 previously invested, resulted in a total investment of \$254,998 of CF's funds in LFG Annuities. 54F claimed to donate the remaining \$200,000 balance of CF's nearly \$455,000 investment to charities in her name.

19. In connection with the three annuity sales, Wolle received a total of \$14,000 in commissions from the insurance company, all of which he passed on to JG.

20. Wolle knew that JG had asked him to process multiple annuity purchases for CF over a period of nine months because, rather than immediately investing CF's funds, JG had used her money to pay for his personal expenses and to finance 54F's operations.

21. In June 2012, after learning of the annuity applications Wolle had submitted in her name, CF informed the insurance company that the annuity purchases were unauthorized. The insurance company thereafter cancelled the contracts and returned \$254,998 to CF.

B. Wolle Failed to Disclose His Independent Insurance Business to Sinclair

22. Wolle did not disclose to Sinclair that he was an insurance agent licensed to sell indexed annuities in various states.

23. Wolle likewise failed to disclose to Sinclair that he was appointed as an independent insurance agent with LFG which was the insurer that underwrote the policies he purchased in CF's name.

C. Wolle Registered with Sinclair Solely to Avoid the Examination Requirement

24. In January 2008, JG and Wolle applied to register a new broker-dealer with FINRA. Between February and April 2008, Wolle obtained Series 6, Series 26, Series 28, and Series 63 securities licenses. However, in September 2008 JG and Wolle withdrew their application for the new broker-dealer before the firm's registration with FINRA was effective.

25. In September 2008, Wolle registered with another FINRA member firm. Wolle intended to sell variable annuities with the member firm, but did not generate any business. The member firm terminated Wolle's registrations in March 2009 for "lack of production."

26. In February 2011, Wolle registered with Sinclair. Wolle never met with anyone at Sinclair before registering with the firm.

27. At the time he registered with Sinclair, Wolle did not intend to generate any securities business at the firm. Instead, he registered with Sinclair solely to prevent his securities licenses from lapsing and thus to avoid having to requalify for securities licenses by complying with the examination requirement in the future.

28. Wolle generated no securities business while registered with Sinclair. On January 31, 2012, Sinclair terminated his registrations for "lack of broker-dealer activities."

**FIRST CAUSE OF ACTION
FORGERY AND FALSIFICATION
VIOLATIONS OF FINRA RULE 2010**

29. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

30. FINRA Rule 2010 requires that registered representatives, in the conduct of their business, shall observe high standards of commercial honor and just and equitable principles of trade.

31. Signing another person's name to business documents without authority constitutes forgery, which is inconsistent with just and equitable principles of trade. It is also inconsistent with just and equitable principles of trade to falsify documents.

32. By forging and falsifying the unauthorized annuity applications that were submitted to insurance companies on July 1, 2011 and January 2012, as described above, Wolle violated FINRA Rule 2010.

**SECOND CAUSE OF ACTION
UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES
VIOLATION OF FINRA RULE 3270**

33. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

34. FINRA Rule 3270 prohibits registered persons from being "an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member."

35. Wolle failed to provide prior written notice to Sinclair of his insurance activities, as described above.

36. As a result of the foregoing conduct, Wolle violated FINRA Rule 3270 and FINRA Rule 2010.

**THIRD CAUSE OF ACTION
REGISTERING SOLELY TO AVOID THE EXAMINATION REQUIREMENT
NASD RULE 1031(a)**

37. The Department realleges and incorporates by reference paragraphs 1 through 27 above.

38. NASD Rule 1031(a) prohibits registration of any person who is no longer active in the member's investment banking or securities business or no longer functioning as a representative, where "the sole purpose is to avoid the examination requirement prescribed in [NASD Rule 1031(c)]."

39. Wolle registered with Sinclair with no intent to engage in the firm's securities business and solely to prevent his licenses from lapsing and thereby avoid the examination requirement.

40. As a result of the foregoing conduct, Wolle violated NASD Rule 1031(a) and FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

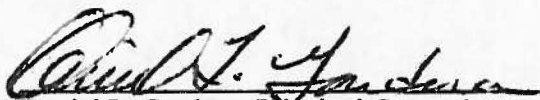
A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and

C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Dated: December 3, 2013

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Daniel L. Gardner", is written over a horizontal line.

Daniel L. Gardner, Principal Counsel
Edwin Aradi, Principal Counsel

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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

John F. Wolle (CRD No. 5479607),

Respondent.

Disciplinary Proceeding
No. 2013035801101

INDEX OF INITIALS

The Department of Enforcement hereby identifies the individuals and entities referenced by their initials in the Complaint in this matter:

CF: Carol-Lynn Fox

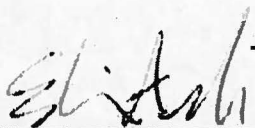
LFG: Lincoln Financial Group

JG: James P. Griffin

54F: 54Freedom

BM: Bernard G. McGee

Date: November 19, 2013



Daniel L. Gardner, Principal Counsel
Edwin Aradi, Principal Counsel

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