

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2016050018101**

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

RE: Jerry M. Wells, Respondent  
General Securities Representative, Investment Company and Variable Contracts Products  
Representative, and Direct Participation Programs Representative  
CRD No. 1015358

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Jerry M. Wells submits 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 Respondent alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

A. Respondent hereby accepts and consents, 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**

Wells first became registered with FINRA in 1982. Wells became registered as an Investment Company and Variable Contracts Products Representative and a Direct Participation Programs Representative through MSI Financial Services, Inc. (CRD No. 14251) (the "Firm") in 1991; Wells became registered as a General Securities Representative through the Firm in 2000. On May 11, 2016, the Firm (known as MetLife Securities Inc. at the time) filed a Uniform Termination Notice of Securities Industry Registration ("Form U5") disclosing that it had terminated Wells' employment on April 11, 2016 because, among other reasons, he failed to "disclose required information on new business applications."

Since May 18, 2016, Wells has been registered in the three above-named capacities through an association with another FINRA member firm.

## **RELEVANT DISCIPLINARY HISTORY**

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

## **OVERVIEW**

Between January 2012 and December 2015, Wells completed and submitted applications that falsely represented that ten annuity purchases were not annuity replacements, even though each purchase was funded by the sale of, or distributions from, another annuity. As a result, Wells violated FINRA Rule 2010, and he separately violated FINRA Rules 4511 and 2010 by causing the Firm to maintain inaccurate books and records.

## **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 2010 requires member firms and associated persons to “observe high standards of commercial honor and just and equitable principles of trade.” Falsifying documents is inconsistent with high standards of commercial honor and just and equitable principles of trade.

FINRA Rule 4511 requires member firms and associated persons to make and preserve books and records as required by applicable laws, rules, and regulations. An associated person who enters inaccurate information in a firm’s books and records violates FINRA Rules 4511 and 2010.

During the relevant period, the Firm’s written supervisory procedures (“WSPs”) required representatives who recommended variable annuities (“VAs”) to complete disclosure forms stating, among other things, whether the recommended VA was to replace a VA that the customer already owned. In addition, the Firm’s WSPs required representatives to complete a replacement form whenever a recommended VA purchase was to be funded, in whole or in part, by proceeds from the sale of another VA. These procedures were designed to provide customers with the information necessary to compare the relative costs and benefits of the annuities being replaced, and to allow the firm an opportunity to perform a supervisory review of the suitability of such transactions and the disclosures made to the customer.

Between January 2012 and December 2015, Wells completed and submitted ten VA applications and disclosure forms that falsely represented that each recommended VA would not “replace or change one or more existing [VAs].” In fact, as Wells knew, each of the ten recommended VA purchases was funded, in whole or in part, by proceeds from the sale of, or distributions from, another VA. In addition, Wells failed to complete the replacement forms the Firm required for these recommended VA purchases.

By falsely representing that ten VA purchases were not VA replacements, Wells violated FINRA Rule 2010. In addition, Wells violated FINRA Rules 4511 and 2010 by causing the Firm to maintain inaccurate books and records.

B. Respondent also consents to the imposition of the following sanctions:

- a suspension from association in any and all capacities with any FINRA member firm for two months; and
- a \$5,000 fine.

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

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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**

Respondent understands that:

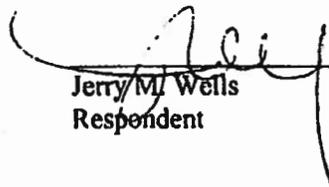
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  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. Respondent 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. Respondent 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 Respondent's: (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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

Nov 8th 2019  
Date

  
Jerry M. Wells  
Respondent

Reviewed by:

  
Michael Hill  
Counsel for Respondent  
Menzer & Hill, P.A.  
7280 W. Palmetto Park Rd.  
Suite 301-N  
Boca Raton, FL 33433

Accepted by FINRA:

Dec. 4, 2019  
Date

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



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Amanda Fein  
Counsel  
FINRA  
Department of Enforcement  
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