

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015044368001**

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

RE: Linda Dowd, Respondent  
General Securities Representative  
CRD No. 1281525

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Linda Dowd (“Dowd” 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**

Dowd first became associated with a FINRA member firm in 1986. She received her Series 7 license in November 1986 and her Series 24 license in July 1994. During the course of her career in the securities industry, Dowd also obtained Series 63, 65 and 66 licenses. Over the course of her career, Dowd was associated with several FINRA member firms.

Dowd was associated with WFG Investments, Inc. (“WFG”) for twenty years, from August 1995 through January 2015. WFG filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) on February 4, 2015, terminating Dowd’s association with the firm. On June 28, 2016, Dowd’s current FINRA member firm filed a partial U5 on her behalf terminating each of her FINRA registrations.

**OVERVIEW**

Beginning in late 2013 and continuing through January 2015 (the relevant time period), Respondent maintained signed distribution request forms on behalf of her customer, PH, which were blank in all respects except that they had already been signed by PH. On at least 26 occasions in 2014 and 2015, Dowd utilized these

pre-signed blank forms to effectuate PH's distribution requests. She also re-used a previously-used signature page on at least one occasion. This conduct violated FINRA Rule 2010. Moreover, Dowd's conduct caused her firm to have inaccurate books and records, which constitutes a separate violation of FINRA Rules 4511 and 2010.

In January 2015, after compliance personnel at Dowd's firm asked Dowd to explain the manner in which she was receiving completed and signed distribution request forms, Dowd attempted to create the false appearance that signed and completed distribution request forms had been transmitted to her by the client at the time of the request. Through these actions, Dowd attempted to make it appear that she had contemporaneously received email transmissions of distribution request forms, and thereby violated FINRA Rule 2010.

### **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 2010 requires that member firms and associated persons "observe high standards of commercial honor and just and equitable principles of trade." The use of pre-signed distribution request forms, rather than having such forms completed contemporaneously by the client, violates FINRA Rule 2010. Moreover, attempting to mislead compliance personnel in the course of an investigation constitutes a separate violation of FINRA Rule 2010.

FINRA Rule 4511 requires each member to make and preserve books and records in conformity with Rules 17a-3 and 17a-4 of the Securities Exchange Act of 1934. Rule 17a-3(a)(1) requires that a firm "make and keep current...blotters (or other records of original entry) containing an itemized daily record of...all receipts and disbursements of cash and other debits and credits." The falsification of a firm's required books and records violates FINRA Rule 4511 as well as FINRA Rule 2010.

*Dowd utilizes pre-signed distribution request forms.*

In order to complete a distribution request, WFG requires its customers to complete and sign a "One-Time Distribution Request" and to transmit the completed form back to WFG. This form is a key component of WFG's efforts to ensure that distribution requests are accurate and authentic. Customers are thus required to certify with their signature that "the information supplied on this form is accurate and complete." The authentic and contemporaneous completion of this form protects customers against, among other things, unauthorized third-parties (including registered representatives) executing unauthorized withdrawals from their accounts.

In late 2013, Dowd visited her customer, PH, at her home in New Mexico. PH advised Dowd that she anticipated needing to transfer funds from her WFG account to her bank account on numerous occasions in 2014. To accommodate PH, Dowd offered to have PH pre-sign blank distribution request forms, which Dowd would complete when PH made a verbal distribution request.

On at least 26 occasions, Dowd thereafter used these pre-signed blank distribution forms to effectuate PH's verbal distribution requests as an accommodation to the customer. Specifically, upon the receipt of a verbal account distribution request from PH, Dowd completed the particulars of the distribution request forms, and thereby created the false impression that PH had contemporaneously completed the form in connection with her request for a distribution. On at least one of these 26 occasions, Dowd re-used a previously-used signature page onto a new distribution request form because she had run out of pre-signed blank forms from PH.

Dowd was aware that the use of pre-signed forms and re-using client signatures violated FINRA Rules and WFG's Written Supervisory Procedures ("WSPs"). Indeed, in 2014, Dowd attested on her annual compliance questionnaire that she was aware that she was not "permitted to have customers sign blank or partially completed forms, even when doing so is meant to accommodate a customer's request."

Dowd's use of pre-signed forms violated FINRA Rule 2010, and also caused WFG to maintain inaccurate books and records. As a result of this conduct, Dowd violated FINRA Rules 4511 and 2010.

*Dowd attempts to create the false appearance that distribution request forms were contemporaneously transmitted by her customer at the time of the request.*

On January 13, 2015, WFG compliance personnel became concerned that one of PH's distribution requests did not appear to have been transmitted to Dowd by email. In response to an inquiry regarding this concern, Dowd falsely stated that she had received the distribution request via email. Later that afternoon and evening, six emails were sent from PH's email address to Dowd's personal email address. These emails appear to be contemporaneous requests for distributions, with the purported date of transmission being listed in the text of the email. However, no such emails were actually sent on the dates of the distribution requests.

Dowd forwarded each of these six emails to her WFG email address. Later that day, an additional email was sent from PH's email address to Dowd's work email. This email had the subject line "Re-Transfers" and attached a pre-signed distribution request form from October 2014. Dowd forwarded this email to WFG compliance personnel on January 14, 2015.

Later that same day, Dowd again falsely advised WFG compliance personnel that she had received PH's completed and signed distribution requests via email. When told that her incoming and outgoing emails had already been reviewed and that there was no evidence of any such emails, Dowd admitted that she had been utilizing pre-signed distribution request forms.

Dowd's conduct, which attempted to make it appear that she had contemporaneously received email transmissions of distribution request forms, constitutes a violation of FINRA Rule 2010.

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

- A one-year suspension from associating with any FINRA member in any capacity 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.

7/1/2016  
Date

[Signature]  
Respondent Linda Dowd

Reviewed by:

[Signature]  
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Accepted by FINRA:

7/22/2016  
Date

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

[Signature]  
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