

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
MARYLAND SECURITIES COMMISSIONER

IN THE MATTER OF:

\*

WELLS FARGO ADVISORS LLC

\*

Docket No. 2011-0312

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\* \* \* \* \*

**AMENDED CONSENT ORDER**

WHEREAS, pursuant to Section 11-405 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2007 Repl. Vol. and 2011 Supp.) (the "Act"), Wells Fargo Advisors LLC (the "Respondent" or "Wells Fargo") has been registered with the Maryland Division of Securities (the "Division") as a broker-dealer since 1989, and notice filed as a federal covered adviser with the Division since 1997; and

WHEREAS, pursuant to the authority granted in section 11-701 of the Act, the Securities Division initiated an investigation into the unregistered advisory activities and late Form U4 filings of Wells Fargo's Maryland-based investment adviser representatives and agents; and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the "Commissioner") determined that Wells Fargo had employed at least two investment adviser representatives who had engaged in advisory activities prior to being registered with the Division, and that Wells Fargo had failed to timely amend the Form U4 of at least one of its agents to reflect the agent's place of business in Maryland; and

WHEREAS, on August 11, 2011, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, the Commissioner and Respondent entered into a

Consent Order (the “August Consent Order”) to resolve these issues; and

WHEREAS, in the August Consent Order, Wells Fargo represented to the Division that an internal audit conducted by Wells Fargo at the Division’s request had uncovered no additional incidents of unregistered activities or late Form U4 filings; and

WHEREAS, Wells Fargo also provided the Division with, and agreed to follow, policies and procedures designed to prevent any future unregistered investment adviser representative activities and late Form U4 filings, and agreed to pay a \$5000 fine to the Division; and

WHEREAS, subsequent to the August Consent Order, the Division discovered the following additional registration and Form U4 violations:

1. G.B. relocated to a Maryland office in September 2004 when he began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until October 2010.
2. C.M. relocated to a Maryland office in July 2007 when she began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until October 2010.
3. D.S. relocated to a Maryland office in April 2008 when she began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until October 2010.
4. W.S. relocated to a Maryland office in March 2007 when he began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until October 2010.
5. G.W. relocated to a Maryland office in November 2007 when he began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until January 2008.

6. G.P. relocated to a Maryland office in January 2009 when he began providing advisory services to clients on behalf of Wells Fargo, but did not become registered as an investment adviser representative until October 2010.
7. E.D. relocated to a Maryland office in July 2009, but her Form U4 was not updated to reflect her Maryland location until October 2010; and

WHEREAS, the Division also learned that the information provided to the Division by Wells Fargo and upon which the August Consent Order was based, was not complete; and

WHEREAS, in response to the Division's request for the names of all clients to whom the unregistered investment adviser representatives had provided advisory services and the amount of compensation received in connection with those clients, Wells Fargo provided the information requested but limited that information to those representatives' Maryland clients; and

WHEREAS, Wells Fargo employed eight investment adviser representatives who provided investment advisory services to clients prior to being registered with the Division; and

WHEREAS, the number of clients and amount of compensation received by Wells Fargo in connection with all clients serviced by the unregistered investment adviser representatives far exceeded the number of clients and amount of compensation received, and reported to the Division, in connection with the Maryland clients; and

WHEREAS, Section 11-101 of the Act defines an investment adviser representative to include an individual who has a place of business located in this State and is employed by or associated with a federal covered adviser, and who renders investment advice to clients; and

WHEREAS, Section 11-402 of the Act provides that an investment adviser representative who has a place of business in this State may not transact business on behalf of a federal covered adviser, unless the investment adviser representative is registered or exempt from the registration

requirements; and

WHEREAS, Section 11-411(d) of the Act provides that a registrant must promptly file a correcting amendment if the information contained in any document filed with the Commissioner is or becomes inaccurate or incomplete in any material respect; and

WHEREAS, Regulation 02.02.02.07 of the Code of Maryland Regulations provides that an amendment to a broker-dealer or agent filing required by the Act shall be filed within 30 days of the event giving rise to the need to amend the filing; and

WHEREAS, Wells Fargo failed to timely amend the Forms U4 of two of its agents to reflect the change in their employment addresses to a Maryland location; and

WHEREAS, the Commissioner has determined that it is in the public interest to enter into this Amended Consent Order; and

WHEREAS, Respondent consents to the actions set forth below.

NOW, THEREFORE, it is ordered that:

1. Respondent, contemporaneous with the issuance of this Amended Consent Order, shall pay a \$50,000 fine to the Division. The \$5,000 fine paid to the Division contemporaneously with the issuance of the August Consent Order shall be credited toward the \$50,000 fine.

2. Respondent shall follow the compliance policies and procedures provided to the Division (or as modified or amended pursuant to regulatory or other legal requirements) in connection with this matter, which procedures are incorporated by reference herein.

3. Respondent shall in all future activities in Maryland comply fully with the Act and the rules and regulations promulgated thereunder.

If the Respondent fails to comply with any term of this Amended Consent Order, the Division may institute administrative or judicial proceedings against Respondent to enforce this Amended

Consent Order or to sanction the Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. Solely for the purposes of determining those sanctions, the facts and the violations of the Act set forth in this Amended Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent by the Division.

The terms of this Amended Consent Order may only be modified by a subsequent order issued by the Commissioner.

DATE OF THIS ORDER:

March 12, 2012

SO ORDERED:

**Commissioner's Signature is  
on File with Original Document**

Melanie Senter Lubin  
Securities Commissioner

CONSENTED TO:

Wells Fargo Advisors LLC

BY: \_\_\_\_\_ /S/  
Name

\_\_\_\_\_  
Title

On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, personally appeared \_\_\_\_\_, signer of the foregoing Amended Consent Order, who did duly acknowledge his/her signature to be his/her free act and deed.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_  
Seal: