STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS **SECURITIES DIVISION**

IN THE MATTER OF DETERMINING Whether there has been a violation of the Securities Act of Washington by:

Order No.: S-23-3598-24-SC01

Josette Santos

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STATEMENT OF CHARGES AND NOTICE OF INTENT TO

DENY FUTURE SECURITIES REGISTRATIONS,

TO IMPOSE A FINE,

AND TO CHARGE COSTS

Respondent.

THE STATE OF WASHINGTON TO:

Josette Santos, CRD No. 6908112

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Josette Santos violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent, pursuant to RCW 21.20.110, denying future securities registrations, charging costs, and imposing a fine. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Josette Santos ("Santos"), Central Registration Depository ("CRD") # 6908112, is a Washington State resident and former employee of Wells Fargo Bank, N.A. ("Wells Fargo Bank"). Santos was registered in Washington with Wells Fargo Clearing Services, LLC ("Wells Fargo Clearing") as a securities salesperson from April 2021 to December 2022, and an investment advisor representative from January 2021 to December 2022.

Nature of the Conduct

Overview

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO DENY FUTURE SECURITIES REGISTRATIONS, TO IMPOSE A FINE, AND TO CHARGE COSTS

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1. Wells Fargo Bank terminated Santos for withdrawing \$1,000 without authorization from a Wells Fargo Bank customer account and obtaining \$2,000 from another Wells Fargo Bank client, without the client's knowledge, while assisting the client with a transaction.

Wells Fargo Bank Customer A

- 2. Santos was employed by Wells Fargo Bank as a Premier Banker. Santos was registered with Wells Fargo Clearing for the purpose of receiving compensation for referrals to other registered individuals at Wells Fargo Clearing.
- 3. On August 8, 2022, Santos approved a \$1,000 withdrawal transaction off of an elderly, vulnerable customer's account for the purchase of a money order. The money order was made out to cash and was negotiated the same day at Chase Bank. Wells Fargo Bank records show that Santos accessed the customer's account at Wells Fargo Bank multiple times between August 8 and August 9, 2022. Wells Fargo Bank reviewed video surveillance of the Chase Bank location. The customer was not in the Chase Bank branch at the time of the transaction or at any time on August 8, 2022.
- 4. Wells Fargo Bank determined that Santos has a personal account at Chase Bank and that her personal accounts showed signs of financial distress.

Wells Fargo Bank Customer B

5. On October 18, 2022, a different customer met with Santos to close accounts for her deceased husband. One account was closed with a balance of \$8,273.74. A cashier's check was issued payable to the customer in the amount of \$8,273.74. The check was then used to issue a new cashier's check in the amount of \$6,273.74 along with two \$1,000 money orders. The new \$6,273.74 cashier's check was deposited into the customer's account. The two \$1,000 money orders were deposited into an account at Chase Bank. Both money order payees were handwritten made payable to Santos. The purchaser's signature on both money orders matched Santos's signature on file.

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- 6. On November 3, 2022, Wells Fargo Bank's Enterprise Investigations conducted an interview of Santos. Santos admitted to conducting the unauthorized withdrawal off of customer A's account on August 8, 2022, and stealing funds from customer B's transaction on October 18, 2022. Santos also admitted to forging customer B's signatures on the money orders and accessing customer A's account without their authorization.
 - 7. Wells Fargo Bank involuntarily terminated Santos for Dishonesty or Fraud on November 10, 2022.

 FINRA Suspension and Bar
- 8. FINRA's Office of Member Supervision opened an inquiry into Santos based on a Form U5 filing from Wells Fargo Clearing, which reported that Wells Fargo Clearing terminated Santos's employment after she was terminated by Wells Fargo Bank.
- 9. On December 13, 2022, FINRA sent Santos a request for documents and information in accordance with FINRA Rule 8210. Santos did not respond. On January 5, 2023, FINRA sent Santos a renewed request for documents and information. Santos did not respond.
- 10. On February 6, 2022, FINRA sent Santos a Notice of Suspension that she would be suspended on March 2, 2023, from associating with any FINRA member in any capacity for failing to provide information to FINRA if she did not take corrective action and comply with FINRA Rule 8210.
- 11. On March 2, 2023, FINRA suspended Santos pursuant to FINRA Rule 9552. Santos's Suspension from Association Letter gave her three months to request a termination of suspension or be barred from associating with any FINRA member in any capacity. Santos did not request a termination of suspension.
- 12. On May 9, 2023, FINRA barred Santos from associating with any FINRA member in any capacity.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

- 1. Josette Santos engaged in dishonest and unethical business practices in the securities business, as defined in WAC 460-22B-090, by withdrawing \$1,000 without authorization from a customer account, by obtaining \$2,000 from another Wells Fargo Bank customer without the customer's knowledge, and by forging a customer's signature. Such conduct is grounds for an order to deny future securities registrations, impose a fine, and charge costs pursuant to RCW 21.20.110(1)(g) and RCW 21.20.110(7).
- 2. FINRA's order barring Santos from associating with any FINRA member firm in any capacity constitutes an order suspending or expelling Santos from membership in a self-regulatory organization. This is grounds for an order to deny future securities registrations, impose a fine, and charge costs pursuant to RCW 21.20.110(1)(e)(iii) and RCW 21.20.110(7).

NOTICE OF INTENT TO DENY FUTURE REGISTRATION

Pursuant to RCW 21.20.110(1) and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that any future application for broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration of Respondent Josette Santos shall be denied.

NOTICE OF INTENT TO IMPOSE A FINE

Pursuant to RCW 21.20.110(1) and RCW 21.20.395 and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Josette Santos shall be liable for and shall pay a fine of \$10,000.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.110(7) and RCW 21.20.390 and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Josette Santos shall

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be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$4,450.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondent, Josette Santos, may make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and, as described above, enter a permanent order to cease and desist, to revoke, suspend, or deny future registrations, and to impose any fines and costs sought against that respondent.

Signed and Entered this <u>14th</u> day of <u>February</u>, 2024.



William M. Beatty
Securities Administrator

Presented by:

/s/

Keenan Osborne

Financial Legal Examiner

Brian Guerard
Chief of Enforcement

Approved by:

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO DENY FUTURE SECURITIES REGISTRATIONS,

TO IMPOSE A FINE, AND TO CHARGE COSTS

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

/s/

Reviewed by:		
/s/		
Holly Mack-Kretzler Financial Legal Examiner Supervisor	_	