

APR 13 2018

STATE OF NEVADA
OFFICE OF THE SECRETARY OF STATE
SECURITIES DIVISION
555 EAST WASHINGTON AVE, SUITE 5200
LAS VEGAS, NEVADA 89101

In the Matter of:

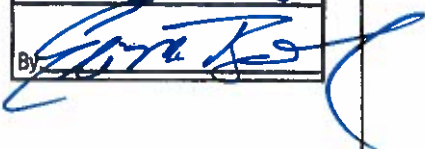
WELLS FARGO CLEARING SERVICES,
LLC, CRD No. 19616,

Respondent.

ADMINISTRATIVE CONSENT ORDER

File Nos. CI15-011 and CI15-013

TO: Wells Fargo Clearing Services, LLC
c/o James McHale, Chief Compliance Officer
One North Jefferson Avenue
Mail Code: H0004-050
St. Louis, MO 63103

NEVADA SECRETARY OF STATE SECURITIES DIVISION
DATE FILED: 04-13-2018
By: 

WHEREAS, Wells Fargo Clearing Services, LLC, formerly known as Wells Fargo Advisors, LLC ("Respondent"), CRD No. 19616, is a Missouri-based broker-dealer firm licensed with the Securities Division of the Office of the Nevada Secretary of State ("Division") since August 30, 1989;

WHEREAS, on or about February 10, 2015, pursuant to the authority provided in Nevada Revised Statutes ("NRS") 90.410, the Division initiated an inspection of Respondent's records to determine compliance with the Nevada Uniform Securities Act ("Act"), codified in NRS Chapter 90, and the regulations promulgated thereunder and codified in Chapter 90 of the Nevada Administrative Code ("NAC");

WHEREAS, based on the facts and circumstances revealed during the course of the Division's inspection, the Division has concluded that Respondent maintained unlicensed branch offices in violation of NRS 90.360(2) and NAC 90.392;

WHEREAS, pursuant to the Act and the regulations adopted thereunder, Respondent is charged with complying with all applicable requirements while engaged in any securities-related business in or from the State of Nevada;

WHEREAS, Respondent has cooperated with the Division's inspection by responding to inquiries and providing documentary evidence;

WHEREAS, Respondent has advised the Division of its agreement to resolve the above failures to comply with the requirements in the State of Nevada on the terms specified in this Administrative Consent Order (“Order”);

WHEREAS, Respondent elects to permanently and expressly waive any right to a hearing and appeal under the Act and/or to seek judicial review under the Nevada Administrative Procedures Act, codified in NRS Chapter 233B, with respect to this Order.

NOW THEREFORE, the Administrator of the Division, pursuant to the Act, hereby enters this Order:

I.

FINDINGS OF FACT

1. On or about February 10, 2015, investigators with the Division visited the private residence of Lawrence Lackaye ("Lackaye"), CRD No. 300216, a registered sales representative of Respondent, to initiate an inspection pursuant to NRS 90.410 to ensure Respondent's compliance with the Act. According to information maintained electronically by the Financial Industry Regulatory Authority ("FINRA") Central Registration Depository ("CRD"), Lackaye resided in Nevada but was associated with a branch office in East Palo Alto, California, CRD No. 148396.

2. According to information maintained electronically by FINRA in CRD, Lackaye's residence previously had been licensed with the Division as a branch office, CRD No. 329269, until June of 2011. Subsequent to the Division's inspection, Lackaye retired as a registered sales representative in October of 2015.

3. On or about February 11, 2015, investigators with the Division visited the private residence of Richard Raine (“Raine”), CRD No. 601815, a registered sales representative of Respondent, to initiate an inspection pursuant to NRS 90.410 to ensure Respondent’s compliance with the Act. According to information maintained electronically by FINRA in CRD, Raine resided in Henderson, Nevada, but was associated with a branch office location in Melville, New York, CRD No. 190273.

4. According to information maintained electronically by FINRA in CRD, Raine's residence in Henderson, Nevada, was previously licensed with the Division as a branch office, CRD No. 307170, until June of 2011. However, Raine's residence was unlicensed with the Division as a branch office from June of 2011 until March of 2018.

5. During the course of the Division's inspection, both Lackaye and Raine acknowledged that they routinely transact securities-related business from their residences. Furthermore, Respondent provided the Division with several documents, including "Remote Location Log" forms and "Remote Location Visit Checklist" forms, which indicated that Respondent was aware that these registered sales representatives routinely transacted securities-related business from their Nevada residences.

6. Based on information maintained electronically by FINRA in CRD, the Division identified another registered sales representative of Respondent who has conducted securities-related business from his Nevada residence which is not licensed as a branch office.

7. The listed registered office of employment of Mark Schulten, CRD No. 1879841, is a branch office in Long Beach, California, CRD No. 356475. However, this sales representative has been conducting securities-related business from his residence in Incline Village, Nevada, since January 2016. However, Schulten's residence was unlicensed with the Division as a branch office until November of 2017.

II.

CONCLUSIONS OF LAW

1. The Division has jurisdiction over this matter pursuant to the Act, which authorizes the Division to regulate an entity or person acting as a broker-dealer. Specifically, NRS 90.630 allows the Division, through its Administrator, to take action against a person if it violates any provision of the Act or any regulation adopted or issued under said Act.

2. NRS 90.360(3) defines a “branch office” as “any place of business in this State other than the principal office in the state of the broker-dealer, from which one or more sales representatives transact business.” Similarly, NAC 90.027 defines a “branch office” as “any place

1 of business in this State other than the principal office in this State of the broker-dealer, from which
2 one or more sales representatives transact business.”

3 3. NRS 90.360(2) and NAC 90.392 require a broker-dealer to obtain a license from the
4 Division for all branch office locations.

5 4. Respondent has violated NRS 90.360(2) and NAC 90.392 by maintaining three (3)
6 branch office locations in the State of Nevada without obtaining a license from the Division.

7 **III.**

8 **ORDER**

9 Finding the following appropriate and in the public interest, and on the basis of the Findings
10 of Facts, Conclusions of Law, and Respondent’s consent to the entry of this Order,

11 **IT IS HEREBY ORDERED:**

12 1. Respondent will cease from violating the Act, and the regulations adopted thereunder,
13 and will comply with said Act and regulations in the future.

14 2. Respondent shall obtain a branch office license for all places of business in the State
15 of Nevada from which one or more sales representatives transact business in accordance with NRS
16 90.360(2) and NAC 90.392.

17 3. Respondent shall pay the Nevada Secretary of State, on or before this Order is
18 executed, a civil penalty in the amount of Eight Thousand Dollars and No Cents (\$8,000.00)
19 concurrently with the filing of this Order.

20 4. In addition, Respondent shall pay the Nevada Secretary of State, on or before this
21 Order is executed, the fee for the Division’s inspection of Lackaye’s records performed pursuant to
22 NRS 90.410 in the amount of Six Hundred Forty-Six Dollars and Sixty Cents (\$646.60).

23 5. Furthermore, Respondent shall pay the Nevada Secretary of State, on or before this
24 Order is executed, the fee for the Division’s inspection of Raine’s records performed pursuant to
25 NRS 90.410 in the amount of Seven Hundred Ninety-Nine Dollars and Fifty-Three Cents (\$799.53).

26 6. In consideration, the Division will take no further enforcement action based upon the
27 circumstances covered by this inspection and this Order and close its administrative investigation of
28 Respondent in connection with the aforementioned activities.

1 7. Nothing in this Order shall be construed as a waiver of the Division's right to
2 investigate and pursue any violations by Respondent in connection with actions other than the
3 actions as set forth herein.

4 8. This Order shall be effective as of the date on which it is signed by the Administrator
5 as set forth below.

6 DATED this 13th day of April, 2018.

7 **BY ORDER OF THE ADMINISTRATOR**
8 Office of the Nevada Secretary of State, Securities Division

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10 DIANA J. FOLEY
11 Securities Administrator

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