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

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IN THE MATTER OF DETERMINING) Order No.: S-20-2932-21-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
Jacqueline Jacobsen) TO ENTER ORDER TO CEASE AND DESIST, TO
Respondent) CHARGE COSTS, TO IMPOSE A FINE, AND TO
) SUSPEND REGISTRATIONS
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THE STATE OF WASHINGTON TO: Jacqueline Jacobsen, CRD No. 2504257

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Jacqueline Jacobsen has violated the Securities Act of Washington. The Securities Administrator further believes that those violations justify the entry of an order under RCW 21.20.390 to cease and desist from such violations, and to charge costs, and, pursuant to RCW 21.20.395, to impose a fine. The Securities Administrator further believes that those violations justify the entry of an order, pursuant to RCW 21.20.110(1), to suspend Respondent Jacqueline Jacobsen's investment adviser representative and securities salesperson registrations for a period of six months. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. Jacqueline Jacobsen ("Jacobsen") is a resident of Clinton, Washington. Jacobsen is registered with the Securities Division as a securities salesperson and investment adviser representative of Independent Financial Group, LLC. Jacobsen does business as Sycamore Wealth Management, LLC. Between July 2009 and September 2018, Jacobsen was registered with the Securities Division as a securities salesperson and

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Securities Division
PO Box 9033
Olympia, WA 98507
360-902-8760

1 investment adviser representative of Morgan Stanley Smith Barney (“Morgan Stanley”). Jacobsen has a
2 Central Registration Depository (“CRD”) number of 2504257.

3 **Background**

4 2. Morgan Stanley’s Alternative Flexible Grid (“AFG”) program allows representatives to pay business
5 development and certain other business expenses. The AFG program also enables representatives to direct
6 Morgan Stanley to provide additional compensation to support staff. Representatives who have funds
7 remaining in their AFG allocation after December 31 may instruct Morgan Stanley to pay one-time bonuses
8 to members of their support staff. Morgan Stanley’s representatives were not eligible to receive these
9 bonuses.

10 **Nature of the Conduct**

11 3. In early 2017, Jacobsen asked a member of her support staff (the “employee”), and the employee
12 agreed, to accept funds from Jacobsen’s 2016 AFG allocation, and to give a portion of those funds to
13 Jacobsen. In early 2017, Jacobsen directed Morgan Stanley to pay a one-time bonus to the employee in the
14 amount of \$3,221.91. Shortly thereafter, the employee withdrew \$1,500 in cash and gave it to Jacobsen.
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16 4. The AFG program required Jacobsen to file a form entitled One-Time Year End AFG Bonus Form.
17 Jacobsen submitted a form on which she stated that the employee had received a bonus of \$3,221.91, when,
18 in fact, Jacobsen had received nearly one half of that figure.

19 5. At the time of the conduct described above, Jacobsen was aware of several Morgan Stanley policies
20 that would have prohibited her conduct. When Jacobsen enrolled in the AFG program, she affirmed that
21 AFG funds are intended for business development, and are not compensation for representatives. Morgan
22 Stanley’s Wealth Management U.S. Compliance Manual provides that representatives may not receive,
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1 directly or indirectly, any fee or compensation other than that provided by Morgan Stanley's normal
2 compensation structure or Morgan Stanley-sanctioned policy or programs. Moreover, Morgan Stanley's
3 Code of Business Ethics imposed a duty to safeguard Morgan Stanley's tangible and intangible assets,
4 including cash. The Code of Business Ethics also imposed a duty to maintain accurate records on Jacobsen.

5 *Action by FINRA*

6 6. On April 1, 2020 FINRA accepted a letter of Acceptance, Waiver, and Consent ("AWC") that
7 Jacobsen had submitted to settle allegations that FINRA had made based on the conduct described above.
8 In the AWC, Jacobsen's conduct supports a finding that she violated FINRA rule 2010. Jacobsen accepted
9 a six month ban from associating with any FINRA-member firm, and a \$5,000 fine.

10 **CONCLUSIONS OF LAW**

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

12 1. Jacobsen's misuse of Morgan Stanley's AFG program is a dishonest or unethical practice as defined
13 at WAC 460-24A-220(20) and prohibited by RCW 21.20.020. Jacobsen's misuse of Morgan Stanley's AFG
14 program is a grounds pursuant to RCW 21.20.110(1)(g) to suspend Jacobsen's registration as an investment
15 adviser representative. Jacobsen's misuse of Morgan Stanley's AFG program is also a grounds pursuant to
16 RCW 21.20.110(1)(g) to impose a fine against Jacobsen.

17 2. Jacobsen's misuse of Morgan Stanley's AFG program is a violation of FINRA rule 2010, and is
18 therefore a dishonest or unethical practice as defined at WAC 460-22B-090(19). Such conduct is a grounds,
19 pursuant to RCW 21.20.110(1)(g), to suspend Jacobsen's registration as a securities salesperson.
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1 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2 Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and
3 Conclusions of Law, the Securities Administrator intends to order that Jacqueline Jacobsen shall cease and
4 desist from violations of RCW 21.20.020.

5 **NOTICE OF INTENT TO CHARGE COSTS**

6 Pursuant to RCW 21.20.110(7) and RCW 21.20.390, and based upon the Tentative Findings of Fact
7 and Conclusions of Law, the Securities Administrator intends to order that Jacqueline Jacobsen shall be
8 liable for, and shall pay, investigative costs in the amount of \$2,000.

9 **NOTICE OF INTENT TO IMPOSE A FINE**

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

13 **NOTICE OF INTENT TO SUSPEND REGISTRATIONS**

14 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions
15 of Law, the Securities Administrator intends to order that Jacqueline Jacobsen’s investment adviser
16 representative and securities salesperson registrations shall each be suspended for a period of six months.

17 **AUTHORITY AND PROCEDURE**

18 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
19 subject to the provisions of Chapter 34.05 RCW. The respondent, Jacqueline Jacobsen, may make a written
20 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
21 FOR HEARING accompanying this Order. If the respondent does not make a hearing request in the time
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1 allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions
2 of Law as final and to enter a permanent order to cease and desist as to the respondent, to impose the fine
3 sought against the respondent, and to charge any costs sought against the respondent.
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5 Signed and Entered this 1st day of June, 2021.
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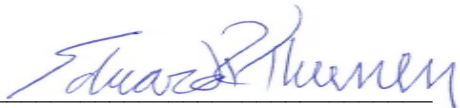
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9 _____
10 William M. Beatty
11 Securities Administrator

12 Approved by:

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15 Suzanne Sarason
16 Chief of Enforcement

17 Presented by:

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20 Edward R. Thunen
21 Financial Legal Examiner

22 Reviewed by:

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25 Jack McClellan
Financial Legal Examiner Supervisor

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