

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035601301**

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

RE: Douglas J. Melzer, Respondent
CRD No. 5438362

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Melzer entered the securities industry in 2008 when he became registered as a General Securities Representative with Wells Fargo Advisors, LLC ("Wells Fargo" or the "Firm"). Wells Fargo terminated Melzer's registration on January 14, 2013, in connection with the conduct described herein. Melzer was registered with a different FINRA member firm from March 12, 2013 through January 20, 2015. He is not currently registered with any FINRA member but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Melzer has no disciplinary history.

OVERVIEW

Between November 2011 and May 2012, while registered with Wells Fargo, Melzer solicited four customers to invest \$2,000,000 in an outside investment without providing his Firm prior written notice. Melzer was compensated at least \$26,500 for his participation. Accordingly, Melzer violated NASD Rule 3040 and, as a result, FINRA Rule 2010.

In addition, on at least two occasions between 2011 and 2012, Melzer caused the registered representative code on certain customer accounts to be changed and, as a result, Wells Fargo to pay him more than \$9,500 in commissions that should have been paid to his partners. By misappropriating funds from his firm for his personal benefit, Melzer violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Melzer participated in four private securities transactions when four of his Wells Fargo customers invested \$2,000,000 in an investment contract that was not approved by Wells Fargo. As compensation for his participation, Melzer received at least \$27,000 plus a 2.5% member interest in the investment. Melzer failed to provide written notice to the Firm or receive a written approval from the Firm, prior to participating in the private securities transactions.

As a result, Melzer violated NASD Rule 3040 and FINRA Rule 2010.

In addition, in May 2011, the Firm became aware that Melzer had requested that the registered representative code on certain accounts be altered. The code was used by Wells Fargo to determine the appropriate split of commissions between Melzer and his partners. Melzer had the code changed without the knowledge or authorization of his partners. By changing the code in 2011, Melzer caused commissions that should have been paid to one of Melzer's partners to be attributed to Melzer. In November 2012, the Firm learned that Melzer had continued to alter the code on other customer accounts, causing commissions that should have been paid to both partners to be attributed to Melzer. As a result, between 2011 and 2012, Melzer caused the Firm to pay him more than \$9,500 in commissions that should have been paid to his partners.

By misappropriating funds for his personal benefit, Melzer violated FINRA Rule 2010.

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

- A bar from association, in any and all capacities, with any FINRA-member firm.

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. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 prejudgment 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:

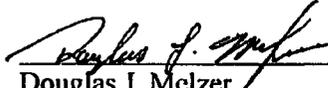
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule

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 response to public inquiries about my disciplinary record;**
 - 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.**

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.

2-1-2015
Date (mm/dd/yyyy)



Douglas J. Melzer
Respondent

Reviewed by:

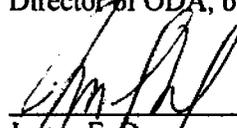


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Accepted by FINRA:

2/25/15
Date

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



James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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