

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2013036524901**

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

RE: Joel S. Bovee, Respondent  
General Securities Representative & General Securities Principal  
CRD No. 1782536

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**

Bovee entered the securities industry as a General Securities Representative in 1993 and first became registered as a General Securities Principal in 1998. Since 2006 he has been registered in both of those capacities with Feltl & Company ("Feltl"), and both registrations remain in effect.

**RELEVANT DISCIPLINARY HISTORY**

Bovee has no formal disciplinary history.

**OVERVIEW**

Between December 2011 and January 2013, a registered representative under Bovee's direct supervision engaged in unsuitable short-term trading of unit investment trusts on behalf of multiple customers. Although Bovee reviewed the representative's activity on a daily basis and knew that the representative had engaged in the same type of trading previously, Bovee failed to either prevent the

unsuitable transactions or inform his superiors about the representative's continued misconduct.

Thus, Bovee violated NASD Conduct Rule 3010 and FINRA Rule 2010.

### **FACTS AND VIOLATIVE CONDUCT**

Since joining Feltl in 2006, Bovee has served as a branch-office manager in the firm's Wayzata, Minnesota branch. In that capacity he was also the direct supervisor of L.Z., a Feltl registered representative, from May 2007 through January 2013. In 2011, Bovee observed that L.Z. regularly engaged in short-term trading of unit investment trusts ("UITs") in several of his customer's accounts.<sup>1</sup> Bovee informed L.Z. that his trading of UITs was inappropriate, given the products' design and intended use. Nonetheless, L.Z.'s pattern of short-term UIT trading continued.

In September 2011, Bovee alerted Feltl's Chief Compliance Officer, M.E., to the fact that L.Z. appeared to be engaging in excessive UIT trading. M.E. and Bovee met with L.Z. in December 2011, at which time M.E. instructed L.Z. to reduce the frequency with which his customers traded UITs. In the same meeting, M.E. also charged Bovee with monitoring L.Z.'s trading practices.

Bovee's subsequent supervision was inadequate. Throughout 2012, L.Z. continued to engage in short-term UIT trading, notwithstanding M.E.'s contrary instruction. Despite having previously elevated his concerns about the same type of activity, Bovee made no attempt to prevent L.Z. from continuing the same type of misconduct, whether by personally rejecting the transactions or notifying the firm's compliance department that L.Z.'s inappropriate UIT activity was ongoing.

Through the foregoing conduct, Bovee violated NASD Conduct Rule 3010 and FINRA Rule 2010.

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

- A two-month suspension from associating with any FINRA broker-dealer in any principal capacity
- A fine in the amount of \$5,000.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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<sup>1</sup> A UIT is an investment product that consists of a fixed portfolio of securities held for a predetermined period of time. UITs typically involve front-end sales charges, as well as deferred sales charges deducted in a series of monthly installments following the initial offering period.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

I understand that if I am barred or suspended from associating with any FINRA member in a principal capacity, 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 principal capacity during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311). Further, because I am subject to a statutory disqualification during the suspension, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

## 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.

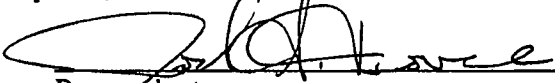
#### OTHER MATTERS

I understand that:

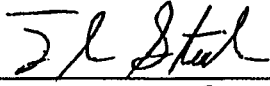
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 accordance with FINRA Rule 8313;
  - 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.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understood 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.

1-5-2016  
Date (mm/dd/yyyy)

  
Respondent

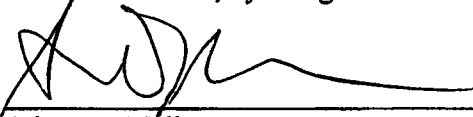
Reviewed by:

  
Attorney Name Thomas Steinhilber  
Counsel for Respondent  
Firm Name Feltl and Company  
Address 2100 LaSalle Plaza, 800 LaSalle Avenue  
City/State/Zip Minneapolis, MN 55402  
Phone Number (612) 492-8828

Accepted by FINRA:

1/26/2016  
Date

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

  
Adam B. Walker  
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FINRA Department of Enforcement  
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