

WELLS' PAPER TRIAL

Gets document fine

By RICHARD MORGAN

A securities regulator has fined Wells Fargo for failing to turn over documents in a case where a former stockbroker allegedly bilked a 55-year-old widow and mother of three out of her life savings, The Post has learned.

In an unusual move, a Financial Industry Regulatory Association arbitration panel has ordered the scandal-plagued consumer bank to cough up a hefty daily fee until it produces documents detailing trades made by one of its former brokers.

The broker, Leonard Kinsman, has been accused of squandering a \$2.25 million insurance settlement awarded Robin Fratto of Freehold, NJ, after her husband died unexpectedly in 2011. But rather than hand over Kinsman's trading records, Wells Fargo has racked up a bill of \$200 a day starting on Nov. 12, and \$400 a day starting on Nov. 23, Finra documents show.

Wells Fargo, which declined to comment for this story, tapped Charles Scharf as new CEO in October to help it emerge from the wreckage of back-to-back consumer scandals, including opening millions of fake accounts and credit cards in customers' names. The bank on Monday named Scott Powell to fill the vacant role of chief operating officer.

Fratto claimed in arbitration papers that she went to Kinsman in April 2012, when he was at Merrill Lynch, asking him to put her settlement money into conservative investments. But after joining Wells Fargo in 2014, Kinsman allegedly forged Fratto's initials to set up aggressive options-trading accounts and to rack up massive fees by trading risky stocks like Facebook.

When The Post broke the

story of the NJ widow's claim in April, Wells Fargo said it takes "seriously our responsibility to help [clients] preserve and invest their hard-earned savings." Asked about the Finra fine, the bank said, "We have nothing to add."

Sources noted the securities arbitrator, which has a hearing about Fratto's case scheduled for the week of May 26, 2020, seldom orders sanctions while a case is still pending.

Such sanctions are generally only imposed about once every two years despite Finra's reviewing dozens of securities arbitration cases a year, John Singer, a securities attorney at Singer Deutsch, told The Post.

"There can be a myriad of reasons a bank withholds documents in an arbitration case, but in most cases it comes down to negligence or malintent," Singer said.

Wells' total bill for the documents as of Dec. 2 is \$6,200, according to the The Post's tally. In addition, Finra has also ordered Wells Fargo to pay all attorney fees related to filing the discovery motion, which Fratto's lawyer, Stuart Meissner, said could be as much as \$16,000, plus an estimated \$2,400 in Finra arbitration fees.

"What we have here is a potpourri of wrongdoing," Meissner said.

Kinsman's lawyer, Samuel Mauch, did not immediately respond to requests for comment.

Kinsman, a Staten Island stock salesman whose spotty work history includes a stint at a Mafia-tied boiler room, had been a part of a Wells Fargo's network of brokers that allows financial advisers to act independently while using the bank's investment systems and compliance software. He left Wells Fargo in July, according to Finra records.

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