

**BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES**

**In the Matter of
MAXINE GEHRT,**

**ORDER OF PERMANENT BAR
(CONSENT)**

Respondent.

DFI File No. S-233148 (LX)

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“the Division”), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Chapter 551, Wis. Stats. (“Ch. 551”), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order Permanently Barring the Respondent’s registration.

Division Staff has presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

RESPONDENT

1. Maxine Gehrt (CRD# 2329310) (“Gehrt”) is an adult Wisconsin resident employed by Thrivent Investment Management, Inc. (“Thrivent”) (CRD# 18387) from February 1993 to June 30, 2014.

FINDINGS OF FACT

2. Gehrt passed the Series 6 examination on April 27, 1993 and passed the Series 63 examination on May 25, 1993.
3. Gehrt became licensed to sell health and life insurance products by the Wisconsin Office of the Commissioner of Insurance (“OCI”) on April 23, 1993.
4. Gehrt was licensed by the Division as a registered representative of Thrivent from July 5, 1999 until September 23, 2010.
5. In 2004, Gehrt changed her position with Thrivent from a producing registered representative to a licensed assistant representative. Gehrt continued to maintain approximately 25 clients after she became a licensed assistant representative.
6. Gehrt worked in the same office as Jean Walsh Josephson (CRD# 2736044) (“Josephson”) from late 2005 until June 2014.
7. To maintain her insurance licenses, Gehrt was required to complete 24 hours of continuing education every two years, of which three hours were required to be focused on insurance-related ethics.
8. To maintain her registration as a registered representative of Thrivent, Gehrt was required to complete FINRA (formerly NASD) Regulatory Element testing within 120 days of her second anniversary of initial registration, and every three years

thereafter. The testing focused on compliance, regulatory, ethical, and sales practice standards for registered representatives of broker-dealers.

9. Each year she was employed by Thrivent, Gehrt was required to complete an annual attestation form acknowledging that she had read and understood Thrivent's compliance manual policies and procedures.
10. At all times material, Thrivent's compliance manual included instructions for notifying Thrivent's compliance department of potential violations of the firm's compliance manual policies and procedures. The instructions required that "When an allegation is made or discovery of potential violation occurs, Compliance must be notified as soon as possible, but in no circumstances later than two (2) business days. Failure to notify Compliance of such information within that time frame can result in subsequent disciplinary action taken against the individual who fails to provide the information."
11. At all material times, Thrivent's compliance manual also included instructions to direct any questions regarding the firm's policies to the Field Compliance Supervisor or Managing Partner.
12. In each annual attestation completed from 2008 through 2010, Gehrt specifically acknowledged in writing that:
 - a. She understood that the Thrivent Investment Management Compliance Manual/Written Supervisory Procedures were her primary procedural guide for conducting securities business.
 - b. She understood that procedures were established to meet legal and regulatory requirements and were mandatory for all registered representatives of Thrivent, and agreed that she would conduct her activities in accordance with the procedures.
 - c. She understood accepting cash from clients to purchase insurance or securities was prohibited.
 - d. She understood that she could only accept checks from clients made payable to Thrivent for the purchase of securities and/or insurance.
13. On September 21, 2010, one of Josephson's clients ("Client A") brought approximately \$302,399 in cash to the Thrivent office where Josephson and Gehrt worked. At the time, Client A was a 76 year old male Wisconsin resident whose wife had recently passed away.
14. Contrary to Thrivent's policy prohibiting registered representatives from accepting any cash, Josephson and Gehrt accepted Client A's money and counted it by hand to determine the total amount. Gehrt witnessed Josephson tell Client A she would invest it on his behalf.
15. Despite her awareness that accepting cash from clients violated Thrivent's compliance manual policies and procedures, Gehrt did not report the cash delivered by the client to Thrivent's compliance department.
16. After receiving the client's cash, Josephson did not invest the funds on his behalf and instead misappropriated the money to her own personal use.

17. On April 26, 2016, OCI issued an order revoking Josephson's insurance licenses permanently, based in part on her misconduct involving misappropriation of \$302,399 in client's funds from the Thrivent office where she worked with Gehrt.
18. The OCI order against Josephson also detailed subsequent misappropriations occurring at that Thrivent office after September 21, 2010 of client money totaling at least \$220,800.

CONCLUSIONS OF LAW

19. Pursuant to Wis. Stat. § 551.412(4)(m), a person may be barred if she has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years, and the Administrator finds that such an order is in the public interest.
20. Pursuant to § DFI Sec. 4.06(q), which defines dishonest or unethical practices for broker-dealers and agents, a person engages in a dishonest or unethical practice in the securities business if she violates any rule of any securities exchange or national securities association of which she is a member with respect to any customer, transaction, or business in Wisconsin.
21. Pursuant to FINRA Rule 2010, a member, in the conduct of business, shall observe high standards of commercial honor and just and equitable principles of trade.
22. Despite being aware that such conduct was prohibited by Thrivent, Gehrt aided Josephson in misappropriating Client A's funds when she helped count Client A's cash and subsequently failed to report Josephson's acceptance of over \$300,000 in cash from a client to Thrivent.
23. Gehrt's conduct set forth above constitutes a violation of FINRA Rule 2010, and is grounds for a permanent bar pursuant to Wis. Stat. § 551.412(4)(m).

Therefore, pursuant to Wis. Stat. § 551.412, and Wis. Adm. Code § DFI-Sec. 4.09,

IT IS ORDERED THAT:

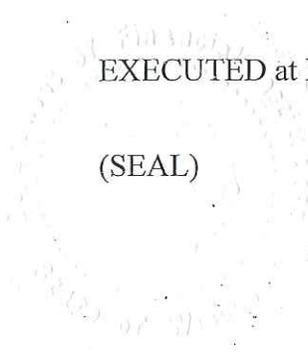
24. Maxine Gehrt, her agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on her behalf, are prohibited from making or causing to be to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute, or properly exempted therefrom.
25. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by Maxine Gehrt, her successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on her behalf, are hereby revoked.
26. Maxine Gehrt, her agents, servants, employees, and every entity or person directly or indirectly controlled or organized by or on her behalf, are prohibited from

violating Ch. 551, Wis. Stats., or any successor statute that might otherwise apply to the offer or sale of a security by Maxine Gehrt.

27. Maxine Gehrt is hereby permanently barred from becoming registered as an agent of a broker-dealer under Wis. Stats. Ch. 551 as the result of her misconduct in aiding Jean Walsh Josephson in misappropriating at least \$302,399 in client funds, and her willful failure comply with Thrivent's notification policy concerning Josephson's acceptance of cash from clients. This misconduct forms a basis for a permanent bar pursuant to Wis. Stats. § 551.412(4)(m).

EXECUTED at Madison, Wisconsin, this 30th day of August, 2016.

(SEAL)



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator
Division of Securities