

NASD OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

**Michael Steven Thannert,
Investment Company/Variable Contract
Products Representative
(CRD No. 4452543)**

Respondent.

Disciplinary Proceeding No. 20050033391-01

Hearing Officer - AHP

October 17, 2006

ORDER ACCEPTING OFFER OF SETTLEMENT

I. INTRODUCTION

Disciplinary Proceeding No. 20050033391-01 was filed on August 28, 2006 by the Department of Enforcement of NASD. Respondent Michael Steven Thannert submitted an Offer of Settlement to Complainant on October 9, 2006. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council Review Subcommittee or the Office of Disciplinary Affairs has accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to NASD Procedural Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

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the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

II. BACKGROUND

From September 7, 2001 through November 18, 2005, Respondent was associated with NASD member Farmers Financial Solutions, LLC and registered with NASD as an investment company/variable contract products representative. Respondent has not been associated with any NASD members or registered with NASD in any capacity since November 18, 2005.

On November 23, 2005, Farmers filed a Uniform Termination Notice for Securities Industry Registration (Form U-5) for Respondent.

The complaint in this matter was filed within two years of the November 23, 2005 Form U-5 filing for Respondent. Accordingly, NASD has jurisdiction over Respondent pursuant to Article V, Section 4 of the NASD By-Laws.

III. FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FIRST CAUSE OF COMPLAINT

Misuse of Customer Non-Securities Funds NASD Conduct Rule 2110

On February 15, 2005, customer M.W. gave Respondent \$700.16 in cash with instructions to make a payment on an insurance policy.

On July 11, 2005, customer R.M. gave Respondent a check for \$2,241.20 with instructions to make a payment on an insurance policy.

On July 26, 2005, customer N.A. gave Respondent \$650.00 in cash with instructions to make a payment on an insurance policy.

Respondent did not use the funds received from these customers to pay for insurance policies, as the customers had instructed.

By misusing his customers' funds, which the customers intended to use to purchase non-securities products, Respondent violated NASD Conduct Rule 2110.

SECOND CAUSE OF COMPLAINT

Failure to Respond to Requests for Information **NASD Procedural Rule 8210 and NASD Conduct Rule 2110**

On December 15, 2005, NASD staff sent Respondent a written request for information, citing NASD Procedural Rule 8210, seeking material and relevant information regarding his alleged misconduct while associated with Farmers ("First Request"). NASD staff sent the First Request by certified mail, return receipt requested, and first class mail to Respondent's last two known residential addresses, as listed in CRD ("First CRD Address" and "Second CRD Address").

The certified mailing to the First CRD Address was returned, marked "Return to Sender, Unclaimed, Unable to Forward." The first class mailing to the First CRD Address was not returned. The certified mailing to the Second CRD Address was not returned. The first class mailing to the Second CRD Address was returned, marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward."

Accordingly, NASD staff completed service of the First Request upon Respondent in accordance with NASD Procedural Rule 8210.

Respondent's response to the First Request was due by December 30, 2005. Respondent did not respond to the First Request.

On January 9, 2006, NASD staff sent Respondent a second request for information, citing NASD Procedural Rule 8210, seeking material and relevant information regarding his alleged misconduct while associated with Farmers ("Second Request"). NASD staff sent the Second Request by certified mail, return receipt requested, and first class mail to Respondent's First CRD Address and Second CRD Address.

The certified mailing to the First CRD Address was returned, marked "Return to Sender, Unclaimed, Unable to Forward." The first class mailing to the First CRD Address was not returned. The certified and first class mailings to the Second CRD Address were both returned, marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward."

Accordingly, NASD staff completed service of the Second Request upon Respondent in accordance with NASD Procedural Rule 8210.

Respondent's response to the Second Request was due by January 23, 2006. Respondent did not respond to the Second Request.

On January 27, 2006, NASD staff sent Respondent a third request for information, citing NASD Procedural Rule 8210, seeking material and relevant information regarding his alleged misconduct while associated with Farmers ("Third Request"). NASD staff sent the Third Request by certified mail, return receipt requested, and first class mail to Respondent's First CRD Address, Second CRD Address and another potential address for Respondent obtained by NASD staff during the investigation ("Third Address").

The certified mailing to the First CRD Address was returned, marked "Return to Sender, Unclaimed, Unable to Forward." The first class mailing to the First CRD Address was not

returned. The certified and first class mailings to the Second CRD Address were both returned, marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward." The receipt for the certified mailing to the Third Address was returned bearing the signature of "Debbi Joos." The first class mailing to the Third Address was not returned.

Accordingly, NASD staff completed service of the Third Request upon Respondent in accordance with NASD Procedural Rule 8210.

Respondent's response to the Third Request was due by February 10, 2006. Respondent did not respond to the Third Request.

Through this conduct, Respondent violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110. Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

IV. SANCTIONS

It is ordered that Respondent be barred from association with any NASD member in any capacity. The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this Order by the NAC.

SO ORDERED.

NASD

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

Date: October 17, 2006



James M. Stephens, Regional Counsel

Department of Enforcement

120 West 12th Street, Suite 800

Kansas City, MO 64105

Telephone: (816) 804-4710

Facsimile: (816) 421-4519