

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

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REGISTRATION & DISCLOSURE

Department of Enforcement,

Complainant,

V.

**Josue A. Villareal
CRD No. 4743080**

Respondent.

**DISCIPLINARY PROCEEDING
No. 2006006947101**

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. This complaint alleges that: (1) from August 23 – October 26, 2006, Respondent Villareal converted a total of \$6,083.05 that he had received for insurance premiums from 18 insurance policyholders, in violation of NASD Conduct Rule 2110; and (2) Villareal failed to respond to the staff's Rule 8210 requests for information concerning this matter, in violation of NASD Conduct Rule 2110 and Procedural Rule 8210.

JURISDICTION

2. Josue A. Villareal first became registered, as an investment company and variable contracts products representative, with FINRA (f/k/a NASD) member Farmers Financial Solutions, Inc. ("FFS"), in March 2004. Villareal's registration with FFS was terminated on November 13, 2006, and his employment end date with FFS was October 13, 2006. Villareal currently

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is not associated with a FINRA member and has no disciplinary history. Villareal remains subject to FINRA's jurisdiction pursuant to Article V, § 4 of FINRA Bylaws.

FIRST CAUSE OF ACTION
Conversion
NASD Conduct Rule 2110

3. The Department realleges and incorporates by reference paragraphs 1 – 2 above.
4. During the time period from approximately August 23, 2006, until approximately October 26, 2006, Respondent Villareal converted to his own use and benefit approximately \$6,083.05 he had received from insurance customers to pay their policy premiums. He accomplished this primarily by applying the premium payments to his PayPal account.
5. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Villareal.

SECOND CAUSE OF ACTION
Failure to Provide Information
NASD Conduct Rule 2110; NASD Procedural Rule 8210

6. The Department realleges and incorporates by reference paragraphs 1 – 5 above.
7. By letters dated November 27, 2006, December 19, 2006, January 8, 2007, and January 30, 2007, sent via first class and certified mail to Villareal's CRD residential address at [REDACTED], the staff requested Villareal, pursuant to Rule 8210, to provide specific information regarding his alleged mishandling of customers' insurance premium payments. The deadlines for Villareal's responses were December 11, 2006, January 2, 2007, January 22, 2007, and February 13, 2007, respectively. Each of the

first class and certified mailings was returned to the Atlanta District Office as undeliverable.

Villarreal did not respond to these request letters.

8. On January 3 and January 30, 2007, the staff left telephone messages for Villareal, and on January 31, 2007, Villareal returned the staff's calls. Villareal told the staff that he had not received the previous letters, and provided a current address at [REDACTED], [REDACTED] ("East Mockingbird Lane" address).
9. By letter dated January 31, 2007, sent via first class and certified mail to both the CRD residential and East Mockingbird Lane addresses, the staff requested Villareal, pursuant to Rule 8210, to provide the previously requested information by February 14, 2007. Both the first class and certified mailings to Villarreal's CRD residential address were returned to the Atlanta District Office as undeliverable. The first class mailing to Villarreal's East Mockingbird Lane address was not returned to the Atlanta District Office; the staff received a signed delivery receipt for the certified mailing to the East Mockingbird Lane address. Villarreal did not respond.
10. By letter dated March 7, 2007, sent via first class and certified mail to both the CRD residential and East Mockingbird Lane addresses, the staff requested Villareal, pursuant to Rule 8210, to provide the previously requested information by March 21, 2007. Both the first class and certified mailings to Villarreal's CRD residential address were returned to the Atlanta District Office as undeliverable. The certified mailing to the East Mockingbird Lane address was returned to the Atlanta District office as undeliverable; the first class mailing was not returned.
11. To date, Villareal has not responded to the staff's Rule 8210 requests.

12. Respondent Villareal's failure to respond to the staff's Rule 8210 requests for information constitutes separate and distinct violations of violation of NASD Conduct Rule 2110 and Procedural Rule 8210 by Respondent Villareal.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest.
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

February 28, 2008

FINRA Department of Enforcement



Gene E. Carasick, Sr. Regional Counsel
FINRA Department of Enforcement
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, GA 30305
404-239-6125; (202) 721-6536 (fax)
gene.carasick@finra.org

Andrew A. Favret, Reg'l Chief Counsel
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163
(504) 412-2402; (202) 721-6527 (fax)
andrew.favret@finra.org