

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JENNIFER R. HUELSMANN
(CRD No. 4125761),

Respondent.

Disciplinary Proceeding
No. 2006007057301

DEFAULT DECISION

Hearing Officer – Sara Nelson Bloom

November 24, 2008

For misuse of funds, in violation of Rule 2110, and for failure to provide requested information, in violation of Rules 8210 and 2110, Respondent is barred from associating with any FINRA member in any capacity.

Appearances

Richard S. Schultz, Esq., Chicago, IL, for the Department of Enforcement.

No appearance by or for Respondent.

DECISION

I. Background

On April 22, 2008, the Department of Enforcement (“Enforcement”) filed a two-cause Complaint in this proceeding, attached to this Decision as Exhibit A. The first cause alleges that Jennifer R. Huelsmann (“Respondent”) violated Rule 2110 by misusing funds. The second cause alleges that Respondent violated Rules 8210 and 2110 by failing to respond to FINRA Staff requests for information.

Respondent did not file an Answer to the Complaint. Accordingly, on August 6, 2008, Enforcement filed a motion for entry of default decision, supported by the Declaration of Richard S. Schultz and 11 exhibits. On October 6, 2008, Enforcement

filed a supplement to its Motion relating to restitution. Respondent did not file a response to the motion.

For the reasons set forth below, Enforcement's motion is granted.¹

II. Respondent's Default

On April 18, 2008, Enforcement sent the Complaint and Notice of Complaint to Respondent by first-class and certified mail, to Respondent's last known residential address according to the Central Registration Depository (the "CRD Address").

Respondent did not file an Answer. In the same manner, on May 27, 2008, Enforcement sent the Complaint and Second Notice of Complaint to Respondent at her CRD Address. Respondent again did not file an Answer.

Enforcement complied with Rule 9134(b)(1) by mailing the Complaint and Notices of Complaint to Respondent's CRD Address, thereby giving her constructive notice of this proceeding. By failing to file an Answer, Respondent defaulted. Accordingly, pursuant to Rules 9215(f) and 9269(a)(2), the allegations in the Complaint are deemed admitted.

III. Jurisdiction

Respondent was registered as an Investment Company and Variable Contracts Products Representative with Nationwide Securities, Inc. ("Nationwide"), from March 3, 2003, to December 12, 2006. Respondent has not been associated with a member firm since that time. Although Respondent is not currently associated with a member firm, FINRA has jurisdiction to bring this proceeding, pursuant to Art. V, § 4 of FINRA's By-Laws, because (1) the Complaint charges Respondent with misconduct while she was an associated person and with failing to comply with requests for information made during

¹ The factual determinations in this Decision are based on the allegations of the attached Complaint, which are deemed admitted, and the declaration and exhibits filed by Enforcement with its motion.

the two-year period following termination of her last registration, and (2) the Complaint was filed within that two-year period.

IV. Violations

A. Misuse of Funds

The first cause of the Complaint alleges that, while associated with Nationwide, Respondent obtained blank checks used for the collection and transmittal of insurance customers' premium payments from an account maintained by her insurance supervisor, NW. On October 16 and October 26, 2006, she forged NW's signature on two checks for \$500 and \$550, respectively, and made them payable to herself. She then endorsed the checks, cashed them, and used the proceeds for some purpose other than the benefit of NW or his customers, and without NW's knowledge.

These allegations, which are deemed admitted, are sufficient to establish, for purposes of this default decision, that Respondent misused funds, in violation of Rule 2110.

B. Failure to Respond

The second cause of the Complaint alleges that, on February 23, 2007, FINRA Staff ("Staff") sent Respondent a request for information pursuant to Rule 8210, following up on its initial inquiry and Respondent's partial response regarding the misuse of funds alleged in the first cause of the Complaint. This request, among other things, reiterated Staff's earlier request for Respondent's bank account statements and a written statement as to whether Respondent paid back the money in question. The 8210 request was sent by first-class and certified mail to Respondent's CRD Address. In the same manner, on July 6, 2007, Staff sent a second and "final" request for information referenced in its February 23, 2007 letter. Staff served the requests in accordance with

Rule 8210(d), and therefore Respondent is deemed to have received them. Respondent did not respond.

Rule 8210 authorizes FINRA to require any person subject to its jurisdiction to provide information related to any matter under investigation. The Rule serves as a key element in FINRA's oversight function and allows FINRA to carry out its regulatory functions without subpoena power.² Here, although Respondent received valid constructive notice of Staff requests,³ she failed to respond to them. Respondent therefore violated Rules 8210 and 2110.

V. Sanctions

Respondent's misuse of funds in this case amounts to conversion, inasmuch as Respondent cashed the checks at issue. For conversion, the Guidelines recommend a bar, regardless of the amount converted. FINRA Sanction Guidelines ("Guidelines") at 38 (2007 ed.). A bar is also standard for failure to provide requested information. Guidelines at 35. There is no evidence of any mitigating circumstances that would justify a lesser sanction for these violations. Therefore, Respondent is barred from associating with any FINRA member in any capacity.⁴

VI. Conclusion

For misuse of funds, in violation of Rule 2110, and for failure to provide requested information, in violation of Rules 8210 and 2110, Respondent is barred from

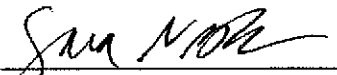
² See, e.g., Dep't of Enforcement v. Valentino, No. FPI010004, 2003 NASD Discip. LEXIS 15, at *12 (NAC May 21, 2003), aff'd, 2004 SEC LEXIS 330 (Feb. 13, 2004) ("It is well established that because NASD lacks subpoena power over its members, a failure to provide information fully and promptly undermines NASD's ability to carry out its regulatory mandate.") (citation omitted); Joseph G. Chiulli, Exch. Act Rel. No. 42,359, 2000 SEC LEXIS 112, at *16 (Jan. 28, 2000) (noting that Rule 8210 provides a means for FINRA to effectively conduct its investigations, and emphasizing that NASD members and associated persons must fully cooperate with requests for information).

³ See David I. Cassuto, Exch. Act Rel. No. 48,087, 2003 SEC LEXIS 1496, at *9 (June 25, 2003).

⁴ Because the bank that processed the forged checks reimbursed the account, and Respondent is repaying the bank, Enforcement did not seek restitution and the Hearing Officer did not order it.

associating with any FINRA member in any capacity. These bars shall become effective immediately if this Decision becomes the final disciplinary action of FINRA.

SO ORDERED.


Sara Nelson Bloom
Hearing Officer

Copies to:

Jennifer R. Huelsmann (*via overnight courier and first-class mail*)
Richard S. Schultz, Esq. (*via electronic mail and first-class mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

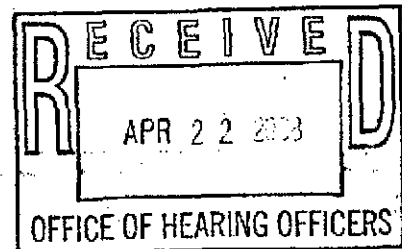
JENNIFER R. HUELSMANN
Limited Registered Representative
(CRD No. 4125761)

Respondent

**Disciplinary Proceeding
No. 2006007057301**

Hearing Officer

COMPLAINT



The Department of Enforcement alleges:

SUMMARY

1. On or about October 16, 2006, and October 26, 2006, Jennifer Huelsmann (Huelsmann) wrote two checks from a checking account opened by her insurance manager's property and casualty insurance business, made payable to herself for \$500 and \$550, respectively, and forged her insurance supervisor's signature on the checks. She then negotiated the checks and used the funds for her own purposes. Huelsmann engaged in such conduct without the knowledge or consent of her insurance manager, in violation of NASD Conduct Rule 2110.
2. On February 23, 2007, and July 6, 2007, FINRA Staff (Staff) sent letters to Huelsmann requesting information and documentation about her actions, but Huelsmann failed to respond to the requests for information, in violation of NASD Rules 2110 and 8210.

RESPONDENT

3. From on or about March 3, 2003 to on or about December 12, 2006, Huelsmann was registered as an Investment Company and Variable Contracts Products Representative with Nationwide Securities, Inc. (Member), a member of FINRA. Huelsmann is not currently associated with any member of FINRA. Since this Complaint is filed within two years of the termination of Huelsmann's registration with the Member, Huelsmann is subject to the jurisdiction of FINRA, pursuant to Article V, Section 4 of the FINRA's By-Laws.

**FIRST CAUSE FOR COMPLAINT
NASD Conduct Rule 2110 – Misuse of Funds by Huelsmann.**

4. Paragraphs number 1 through 3 above are re-alleged and incorporated herein by reference.

5. During the time in question, NW was registered as a General Securities Representative and an Investment Company and Variable Contracts Products Principal with the Member. NW worked at the same branch office as Huelsmann and was Huelsmann's insurance supervisor.

6. During the time in question, NW maintained a bank checking account for his property and casualty insurance business (NW Account), which was not related to NW's securities business or the customers of the Member. The account was used for the collection and transmittal of insurance customers' premium payments associated with property and casualty policies.

7. On or about October 16, 2006, Huelsmann obtained a blank check for the NW Account, wrote the check made payable to herself for \$500, and forged NW's signature on the

**Complaint in
Disciplinary Proceeding No. 2006007057301**

check as the signator on the account, without the knowledge and consent of NW. Huelsmann then endorsed the check, cashed it, and used the proceeds to pay her own personal bills or for some purpose other than the benefit of NW or his property and casualty insurance business, without the knowledge or consent of NW.

8. On or about October 26, 2006, Huelsmann obtained another blank check for the NW Account, wrote the check made payable to herself for \$550, and forged NW's signature on the check as the signator on the account, without the knowledge or consent of NW. Again, Huelsmann then endorsed the check, cashed it, and used the proceeds to pay her own personal bills or for some purpose other than the benefit of NW, without the knowledge and consent of NW.

9. On or about November 12, 2006, NW learned that Huelsmann had written the two checks and forged his signature to the checks. NW printed digital images of the \$500 and the \$550 checks that Huelsmann had negotiated. On or about November 13, 2006, NW met with Huelsmann in his office. NW placed the copies of the checks before Huelsmann, and asked her "what the checks were for." She did not deny that she had forged NW's signature and written the checks, but said that "she just wanted to keep a roof over her kid's head." On that same day, Huelsmann sent other agents at the branch office an e-mail in which she stated that she "co-mingled funds with the Nationwide account and [her] own personal account."

10. The acts, practices and conduct set forth above constitute separate and distinct violations of NASD Conduct Rule 2110 by Huelsmann.

**SECOND CAUSE FOR COMPLAINT
NASD Rules 2110 and 8210 - Failure to Respond to the Staff's
Requests for Information by Huelsmann.**

11. Paragraph numbers 1 through 10 above are re-alleged and incorporated herein by reference.

12. On or about January 4, 2007, Staff sent Huelsmann a request that she provide a written statement responding to the allegations that she wrote two checks from the NW Account to herself and used the funds for her own purposes without the knowledge and consent of NW, as noted in paragraphs 4 through 9 above, and certain documentation relating to her bank account, pursuant to and in accordance with the provisions of NASD Rule 8210. The request for information was sent by first class mail and certified mail, return receipt requested, to Huelsmann's address of record as contained in the records of the Central Registration Depository (CRD Address). The first class mailing was not returned to the Staff, and the certified return receipt was returned signed by Huelsmann, showing that she received the letter on January 12, 2007.

13. On or about January 16, 2007, the staff received one of the letters that was sent to Huelsmann which contained handwritten notations, apparently by Huelsmann, partially responding to the requests for information. However, this response failed to include documentation that was requested in the letter from the Staff. The letter also did not contain Huelsmann's signature, as requested.

14. On or about February 23, 2007, the Staff sent Huelsmann a letter asking again that she provide her bank account statements from her bank account, and requesting a written statement responding to questions about whether she paid back the money in question, and other questions regarding the allegations noted in paragraphs 4 through 9 above, pursuant to and in

**Complaint in
Disciplinary Proceeding No. 2006007057301**

accordance with the provisions of NASD Rule 8210. The Request for information was sent by first class mail, and by certified mail, return receipt requested, to Huelsmann's CRD Address. The first class mailing was not returned to the Staff, and the certified return receipt was returned signed by Huelsmann, showing that she received the letter on February 26, 2007.

15. On or about July 6, 2007, the Staff sent Huelsmann a letter marked "final request," asking that she provide her bank account statements from her bank account and also provide a written statement responding to questions about whether she paid back the money in question and other questions regarding the allegations described in paragraphs 4 through 9 above, pursuant to and in accordance with the provisions of NASD Rule 8210. The Request for information was sent by first class mail, and by certified mail, return receipt requested, to Huelsmann's CRD Address. The first class mailing was not returned to the Staff, and the certified return receipt was returned signed by Huelsmann, showing that she received the letter on July 9, 2007.

16. Huelsmann failed to respond to each and all of the requests for documents and information described in paragraphs 14 and 15 above, and the time for Huelsmann to respond has passed.

17. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and Rule 8210 by Huelsmann.

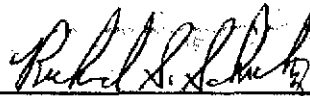
PRAYER FOR RELIEF

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; and,
- B. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

April 18, 2008
Date

FINRA DEPARTMENT OF ENFORCEMENT


Richard S. Schultz, Esq. Senior Regional Counsel
Mark A. Koerner, Esq. Associate Vice-President
and Regional Chief Counsel
FINRA Department of Enforcement, District 8
55 West Monroe Street
Chicago, IL 60603-5052
(312) 899-4334; Fax. No. (312) 899-4600
Electronic mail address: rick.schultz@finra.org

Of Counsel:

Rory C. Flynn, Esq. Of Counsel
FINRA Department of Enforcement
1801 K Street, N.W., Suite 800
Washington, D.C. 20006
(202) 974-2974; Fax. No. (202) 721-8318

Mark P. Dauer, Esq. Of Counsel
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163
(504) 412-2405; Fax. No. (504) 522-4077