

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

HEIDI TABET-GOKE
(CRD No. 4689196),

Respondent.

Disciplinary Proceeding
No. 2007008871101

Hearing Officer—Andrew H. Perkins

DEFAULT DECISION

October 14, 2008

Respondent is barred for misuse of customer funds, in violation of Conduct Rule 2110; and for failure to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2110.

Appearances

Helen G. Barnhill, Senior Regional Counsel, Denver, CO (Mark P. Dauer, New Orleans, LA, Of Counsel) for the Department of Enforcement.

No appearance by or for Heidi Tabet-Goke.

DECISION

I. Introduction

The Department of Enforcement (“Enforcement”) charged Heidi Tabet-Goke (“Tabet-Goke” or the “Respondent”) with misusing customer funds, in violation of NASD Conduct Rule 2110, and with failing to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2110.¹

¹ The FINRA Rules, which include NASD Procedural and Conduct Rules, are at www.finra.org/Rules.

Enforcement filed the Complaint with the Office of Hearing Officers on June 20, 2008. Tabet-Goke did not answer or otherwise respond to the Complaint. Consequently, on September 8, 2008, Enforcement filed a Motion for Entry of Default Decision, supported by the Declaration of Helen G. Barnhill ("Barnhill Decl.") and six exhibits. Tabet-Goke did not reply to the motion.

II. Findings of Fact and Conclusions of Law

A. Respondent's Default

The Hearing Officer finds that Enforcement properly served the Respondent with the Complaint by mailing the Complaint and the First and Second Notices of Complaint to her most current residential address shown in the Central Registration Depository (the "CRD Address"). Enforcement mailed the First Notice of Complaint by first-class certified mail on June 16, 2008. Tabet-Goke did not answer the Complaint.

Enforcement served the Second Notice of Complaint on Tabet-Goke by first-class certified mail on July 18, 2008. To date, Tabet-Goke has not filed an Answer with the Office of Hearing Officers or otherwise responded to the Complaint.²

Tabet-Goke defaulted by failing to answer the Complaint.³ Accordingly, pursuant to Procedural Rules 9215(f) and 9269(a)(2), the Hearing Officer deems the allegations in the attached Complaint admitted and grants Enforcement's motion for entry of a default decision.

B. Jurisdiction

Tabet-Goke entered the securities industry in July 2003 as an Investment Company and Variable Contracts Products Representative with Farmers Financial Solutions, LLC

² Barnhill Decl. ¶ 12.

³ *Department of Enforcement v. Reynolds Verdiner*, No. CAF020004, 2003 NASD Discip. LEXIS 42, at *5 (N.A.C. Dec. 9, 2003) (NASD Procedural Rule 9134(b)(1) allows for constructive notice by mailing a complaint to the respondent's most recent CRD address) (quoting *Lubeck v. SEC*, 1998 U.S. App. LEXIS 18849, at *20 (9th Cir. Aug. 12, 1998)).

("Farmers Financial"), a FINRA member firm. On April 30, 2007, Farmers Financial filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on Tabet-Goke's behalf, which indicated that she was under review for failing to follow company policy and for mishandling insurance premiums.⁴

Tabet-Goke's registration with FINRA terminated effective April 30, 2007, and she has not been registered or associated with a FINRA member firm since that date.⁵ Nonetheless, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's Bylaws, because (1) the Complaint was filed within two years following the termination of her registration with FINRA and (2) the Complaint charges her with misconduct committed while she was associated with a FINRA member firm and with failing to respond to FINRA's requests for information made during the two-year period following her registration termination.⁶

C. Misuse of Funds

The First Cause of Action alleges that Tabet-Goke misused \$3,102 in insurance premiums that she received from 15 customers between February 2, 2007, and April 16, 2007. Tabet-Goke failed to forward the funds to the insurance carrier or return the funds to the customers. In April 2007, Tabet-Goke provided a sworn statement to Farmers Insurance Group, Inc. and admitted that she used the customers' funds to cover her personal expenses because she had fallen on hard financial times. She further stated that she had intended to return the funds as quickly as possible.⁷

⁴ Ex. 2.

⁵ Ex. 1, at 3.

⁶ See Article V, Sec. 4(a), FINRA By-Laws, *available at* www.finra.org/Rules (then follow "NASD Manual" hyperlink to "Corporate Organization: Bylaws").

⁷ Barnhill Decl. ¶ 15.

The Hearing Officer finds that the allegations in the Complaint and the additional evidence submitted by Enforcement show that Tabet-Goke violated Conduct Rule 2110 by taking customers' insurance premiums for her own personal use and benefit.

D. Failure to Respond to Requests for Information

The Second Cause of the Complaint alleges that Tabet-Goke failed to respond to two requests for information FINRA staff sent in connection with the investigation of her misuse of funds. The staff properly served Tabet-Goke with each request pursuant to Procedural Rule 8210.

The staff sent the first request on August 15, 2007, to Tabet-Goke at her CRD Address by certified and first-class mail. She did not respond to the request.

On September 7, 2007, the staff sent Tabet-Goke a second request for the same information regarding her misuse of funds. The staff sent the second request to her CRD Address by certified and first-class mail. She did not respond in any manner to this request.

The Hearing Officer finds that Tabet-Goke violated Procedural Rule 8210 and Conduct Rule 2110 by failing to respond in any manner to FINRA's requests for information concerning its investigation into her alleged wrongful use of customer funds.

III. Sanctions

A. Failure to Respond to Requests for Information

The FINRA Sanction Guidelines ("Sanction Guidelines") recommend a bar where a respondent fails to respond in any manner to a request for information issued pursuant to Procedural Rule 8210.⁸ Where mitigation exists, the Guidelines recommend consideration of a suspension in all capacities of up to two years.

⁸ FINRA Sanction Guidelines 35 (2007), available at <http://www.finra.org/RegulatoryEnforcement/index.htm> (then follow "FINRA Sanction Guidelines" hyperlink).

The Hearing Officer finds that a bar is the appropriate sanction under the facts and circumstances of this case. The record reflects that Tabet-Goke failed to respond in any manner, and there are no mitigating factors that would justify imposition of a lesser sanction. Accordingly, the Hearing Officer will bar Tabet-Goke from associating with any FINRA member in any capacity for violating Procedural Rule 8210 and Conduct Rule 2110.

B. Misuse of Customer Funds

The Sanction Guidelines for improper use of customer funds recommend a fine of \$2,500 to \$50,000 and a bar.⁹ Where the improper use resulted from the respondent's misunderstanding of her customer's intended use of the funds or other mitigating factors exist, the Sanction Guidelines recommend consideration of a suspension of six months to two years. Here, there is no evidence of any mitigating factors. Tabet-Goke admitted that she took the money to meet her personal financial obligations, and she has not repaid the customers. Accordingly, the Hearing Officer finds that a bar is the appropriate sanction for this violation.¹⁰

IV. Order

Heidi Tabet-Goke is barred from association with any member firm in any capacity for: (1) failure to respond in any manner to FINRA's requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2110; and (2) misuse of customers' funds, in

⁹ Sanction Guidelines 38.

¹⁰ *Cf., e.g., Bernard D. Gorniak*, Exchange Act Release No. 35,996, 1995 SEC LEXIS 1820, at *6-7 (July 20, 1995) (holding that a bar is appropriate where the respondent held, for a substantial period, customer funds that were intended for the purchase of mutual funds).

violation of NASD Conduct Rule 2110.¹¹ The bars will become effective immediately if this Default Decision becomes FINRA's final disciplinary action in this proceeding.



Andrew H. Perkins
Hearing Officer

Copies to:

Heidi Tabet-Goke (by FedEx, next-day delivery, and first-class mail)
Helen G. Barnhill, Esq. (by e-mail and first-class mail)
Mark P. Dauer, Esq. (by e-mail)
David R. Sonnenberg, Esq. (by e-mail)

¹¹ The Hearing Officer did not order restitution because the record reflects that Farmers Insurance Group credited the customers' accounts with the amount of the premium payments they sent the Respondent.