

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS
HEARING OFFICERS

RECEIVED
2009 JUN -1 A 7 13
REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

STEVE T. NEWMAN
(CRD No. 4778356)

Respondent.

Disciplinary Proceeding
No. 2007009893501

Hearing Officer: LLB

Date: May 29, 2009

ORDER ACCEPTING OFFER OF SETTLEMENT

INTRODUCTION

Disciplinary Proceeding No. 2007009893501 was filed on March 10, 2009, by the Department of Enforcement (Complainant) of the Financial Industry Regulatory Authority (FINRA). Respondent Steve T. Newman (Respondent or Newman) submitted an Offer of Settlement (Offer) to Complainant on May 13, 2009. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA 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 FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of 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 FINRA.

000060152 2009

BACKGROUND

Steve T. Newman became registered, as an investment company and variable contracts products representative, in December 2005, with FINRA member Farmers Financial Solutions, Inc. ("FFS"). On July 25, 2007, FFS filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") terminating Newman's registration with FINRA. Newman is not currently associated with a FINRA member, but he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows: Newman was employed as an insurance agent by Farmers Insurance Group ("FIG"), an affiliate of FFS. During the period from October 31, 2006 through December 21, 2006, Newman received two insurance premium payments from PABI, an insurance client, in the aggregate amount of \$24,353. The first premium payment was in the form of a check dated October 31, 2006, and was made payable to FIG. That check was in the amount of \$6,080.75, and was an initial payment on a new policy. On December 7, 2006, Newman instructed PABI to make a second premium payment check payable to "Bailey Newman Insurance," a business entity controlled by Newman, rather than to FIG. The second premium payment was also in the form of a check and was dated December 21, 2006.

The second premium payment was made payable, as directed, to Bailey Newman Insurance. The December 21, 2006 check was in the amount of \$18,272.25, and was for the balance of the annual policy premium. Rather than depositing the two checks in an account for FIG or submitting them to FIG, Newman deposited the checks into an account over which he maintained control (a Bailey Newman Insurance account), and thereafter misappropriated the funds, using a portion of the funds for his own use and benefit.

In July 2007, FINRA commenced an examination regarding Newman. During the course of the examination, FINRA determined that it required a sworn statement from Newman. Therefore, by letter dated August 7, 2008, sent pursuant to NASD Procedural Rule 8210, FINRA requested that Newman appear and testify on August 21, 2008. A copy of the August 7, 2008 letter was also sent to Newman's legal counsel via first class mail.

On August 18, 2008, FINRA received a letter from Newman's legal counsel. Counsel indicated that Newman would not appear at the Atlanta District Office to attend the OTR, and requested that the OTR be re-scheduled for San Antonio, Texas.

By letter dated August 21, 2008, pursuant to NASD Procedural Rule 8210, FINRA sent Newman a second letter requiring him to appear and testify on September 4, 2008 in San Antonio, Texas. The August 21, 2008 letter was sent via first class and certified mail, return receipt requested, to Newman at his residential address listed in the Central Registration Depository (CRD). The August 21, 2008 letter was also sent to Newman's legal counsel via facsimile and first class mail. The August 21, 2008 letter sent to Newman by first class mail was not returned. The August 21, 2008 letter sent to Newman by certified mail was unclaimed.

However, Newman's legal counsel sent FINRA a letter dated August 29, 2008, via facsimile, in which he indicated that he had discussed FINRA's request with Newman and that Newman would not appear for the requested OTR. Newman failed to appear and testify as requested on September 4, 2008.

Based on the foregoing, Respondent violated NASD Conduct Rule 2110, as alleged in the First Cause of the Complaint and NASD Procedural Rule 8210 and NASD Conduct Rule 2110, as alleged in the Second Cause of the Complaint. Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

* * *

Continued on next page

SANCTIONS

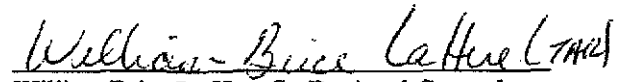
It is ordered that Respondent be barred from association with any FINRA member in all capacities.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


William Brice La Hue, Sr. Regional Counsel
FINRA Department of Enforcement
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
(404) 239-6111; Fax: (404) 264-1586
E-Mail: brice.lahue@finra.org