

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

IVAN ARMAS
(CRD No. 4993347)

Respondent.

Disciplinary Proceeding
No. 2007010747201

COMPLAINT

The Department of Enforcement alleges:

RESPONDENT AND JURISDICTION

1. Ivan Armas ("Armas") first became registered, as an investment company and variable contracts products representative in February 2006, with FINRA member Farmers Financial Solutions, Inc. ("FFS"). Armas was terminated by FFS on September 27, 2007. Armas currently is not associated with a FINRA member and has no disciplinary history. Armas remains subject to FINRA's jurisdiction pursuant to Article V, § 4 of FINRA By-laws.

SUMMARY

2. Armas converted approximately \$19,721.34 from insurance policyholders, which he had received for payment of insurance premiums, in violation of NASD Conduct Rule 2110. Armas also failed to appear for an on-the-record (OTR) sworn statement, in violation of NASD Procedural Rule 8210 and Conduct Rule 2110.

FIRST CAUSE OF ACTION

NASD Conduct Rule 2110

(Conversion)

3. The Department realleges and incorporates by reference paragraphs 1 and 2 above.
4. During the period from at least July 2, 2007 through September 4, 2007, Respondent Armas

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converted to his own use and benefit at least \$19,721.34, which he had received from insurance clients to pay their policy premiums.

5. Armas logged the premium payments into FFS' Agent Credit Advice ("ACA") electronic system, but instead of remitting the funds to FFS as required, he applied the funds for his own use and benefit.
6. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Armas.

SECOND CAUSE OF ACTION

NASD Procedural Rule 8210 and NASD Conduct Rule 2110

(Failure to Testify)

7. The Department realleges and incorporates by reference paragraphs 1 through 6 above.
8. On or about October 1, 2007, the FINRA Atlanta District office initiated an investigation into the allegations on a Uniform Termination Notice for Securities Industry Registration ("Form U5") filed by FFS on behalf of Respondent Armas.
9. On or about April 17, 2008, FINRA sent a letter via first class and certified mail to Armas at his CRD residential address in Houston, Texas, and at two additional addresses, one located in Houston, Texas, and one in Tomball, Texas. The April 17, 2008 letter requested that, pursuant to Procedural Rule 8210, Armas appear for an on-the-record ("OTR") sworn statement at the Atlanta District office of FINRA on May 1, 2008, at 9:00 a.m.
10. A receipt for the April 17, 2008 letter sent by certified mail to his CRD residential address was returned signed by "Ivan Armas." The April 17, 2008, letter sent by first class mail to Armas at his CRD residential address was not returned.
11. The April 17, 2008 letter sent to the Tomball address by certified mail was returned to FINRA marked "unclaimed." The April 17, 2008 letter sent by first class mail to the Tomball address was not returned. The April 17, 2008 letter sent by first class and certified mail to the other address were not returned.

12. FINRA attempted to contact Armas by telephone but was unsuccessful.
13. Armas failed to appear on May 1, 2008 as requested for the OTR sworn statement.
14. Such failure to appear and testify as requested by the April 17, 2008 letter constitutes separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110 by Respondent Armas.

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.

FINRA DEPARTMENT OF ENFORCEMENT

Date:

8/11/08


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