

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

RECEIVED

2009 JUL 27 P 7 06

REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

DAVID M. PIAZZA (CRD No. 4347282),

Respondent.

DISCIPLINARY PROCEEDING
No. 2008012835301

HEARING OFFICER: ANDREW H. PERKINS

**ORDER ACCEPTING OFFER OF
SETTLEMENT BY DAVID M. PIAZZA**

INTRODUCTION

Disciplinary Proceeding No. 2008012835301 was filed on March 20, 2009, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). Respondent David M. Piazza submitted an Offer of Settlement ("Offer") to Complainant on July 14, 2009. Pursuant to NASD 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 NASD 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

000079209 2009

Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Piazza was employed in the securities industry from January 2001 until March 2008. He was registered as an Investment Company and Variable Contracts Products Representative (Series 6) and Agent (Uniform State Law Examination) (Series 63) with Farmers Financial Solutions, LLC during that time period. He was also an insurance agent with Farmers Insurance Group from February 2000 until March 2008. Piazza's employment was terminated by Farmers Financial Solutions, LLC on March 20, 2008, as a result of the conduct described in the First Cause of Action. FINRA retains jurisdiction over Piazza pursuant to Article V, Section 4(a)(i) of FINRA's By-Laws, because the Complaint was filed within two years after the effective date of termination of Respondent's registration and is based upon conduct that commenced prior to the termination of his registration.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Misuse of Funds and Falsification of Records

In approximately August 2007, Piazza received a \$5280 premium payment from an insurance customer, referred to herein as "J.R.," as payment for a new business insurance policy. Piazza entered J.R.'s premium payment into Farmers Insurance Group's payment receipt system, but did not deposit the check into the insurance company's bank account, as he was required to do under the insurance company's procedures. He instead deposited the check into his own bank account. Piazza did not place J.R.'s business with any insurance company until November 2007.

At that time, Piazza used (or “rolled”) premium payments from other customers to make up for the premium payment he had collected from J.R. and deposited into his own bank account.

At the time Piazza’s misuse of J.R.’s funds was uncovered in February 2008, Piazza still had not repaid \$2100 of J.R.’s \$5280 premium amount. It was only after his misconduct was uncovered that he repaid the remaining \$2100 he had misappropriated from J.R.’s premium payment.

In a written statement dated March 13, 2008, Piazza admitted that he had engaged in this and other similar misconduct as to other customers “for about the last five months.” In the statement, Piazza admitted that “[t]o make sure that ACA deposits [customer premium payments] were deposited I would roll the premiums I have collected from other insured [sic] and apply to the other insured’s policies.”

In order to avoid detection of his misconduct, including failure to update policy information on a timely basis and his use of his own funds to pay premiums, Piazza temporarily changed the billing and mailing addresses on approximately one hundred accounts to his own address.

By engaging in the conduct described above, Piazza engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of NASD Conduct Rule 2110.

Failure to Provide Information

On April 2, 2008, FINRA staff sent a letter to Piazza requiring him to provide information in connection with an investigation into the matters alleged in the First Cause of Action pursuant to Procedural Rule 8210. The letter was sent by certified mail and regular first class mail to Piazza’s address as listed in the Central Registration Depository (CRD) system. No response

was received from Piazza, and FINRA staff sent a second request for information, also pursuant to Procedural Rule 8210, on June 11, 2008.

Upon receipt of the second letter, Piazza informed the staff that his attorney had responded to the first request on April 22, 2008. On June 30, 2008, Piazza's attorney provided information in response to the April 2 and June 11 requests. This was the first communication that staff received on behalf of Piazza.

On November 20, 2008, the staff sent Piazza a request for additional information pursuant to Procedural Rule 8210. The letter was sent by certified mail and regular first class mail to Piazza's address in the CRD system, and required him to provide the information by December 5, 2008. The certified mail receipt card for the November 20 request was signed by Piazza on November 22, 2008. The regular first class mailing was not returned to FINRA as undeliverable. Piazza did not respond to the November 20 request.

On December 10, 2008, the staff sent Piazza a second request for the information requested on November 20. This request, which was also made pursuant to Procedural Rule 8210, was sent by certified mail and regular first class mail to Piazza's address in the CRD system, and required him to provide the information by December 24, 2008. The certified mail receipt card for the December 10 request was signed by Piazza on December 13, 2008. The regular first class mailing was not returned to FINRA as undeliverable.

In a letter received by FINRA on December 29, 2008, Piazza requested an unspecified amount of additional time to respond to the request. He cited a lack of time to copy some of the documents and difficulty in obtaining documents relating to closed bank accounts. On December 30, 2008, the staff granted Piazza an extension of time to provide the information until January 14, 2009.

The staff offered to copy any of the documents which Piazza was unable to copy promptly, and asked Piazza to provide documentation of his efforts to obtain any documents that he could not provide by the new deadline. Piazza did not provide any further response to the staff.

Piazza did not provide the required documents or otherwise communicate with the staff in connection with the request until after the complaint was filed.

* * *

Based on the foregoing, Respondent Piazza violated Conduct Rule 2110 and Procedural Rule 8210.

Based upon these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently 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.

SANCTIONS

It is ordered that Respondent be:

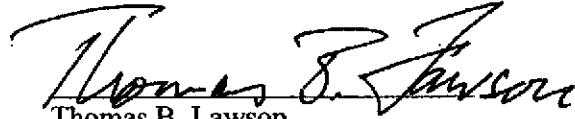
1. suspended from association with any FINRA member firm in any capacity for a period of two years; and
2. fined in the amount of \$20,000. The fine shall be due and payable either immediately upon reassociation with a member firm following the two year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

SO ORDERED.

Dated: July 27, 2009

FINRA

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

A handwritten signature in black ink, appearing to read "Thomas B. Lawson", written over a horizontal line.

Thomas B. Lawson

Vice President

FINRA Department of Enforcement

1801 K Street, N.W.

Washington, DC 20006

(202) 974-2800

FAX: (202) 974-2805