

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 20080164605**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Michael R. Brents, Respondent CRD No. 4437074

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND AND OVERVIEW

During the period August 2001 to February 2009, Respondent was registered with a FINRA registrant, Farmers Financial Solutions, LLC ("Farmers Financial"), and was an insurance agent for Farmers Insurance Group ("Farmers Insurance"), an affiliate of Farmers Financial. Respondent was terminated in February 2009 for the matters in this AWC. He was subsequently employed by another FINRA registrant until February 2010 when he was terminated for failure to have the proper registration in Tennessee.

In June 2008, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade in that he misappropriated the funds of his employer insurance company, Farmers Insurance. Respondent misappropriated these funds of his insurance company employer by failing to deposit a customer's insurance premium payments into the insurance company's

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account, and instead deposited the insurance premium into his own account, and used the funds to pay his own expenses. By virtue of this conduct, Respondent violated NASD Rule 2110.

FACTS AND VIOLATIVE CONDUCT

Misappropriation of Insurance Funds

Brents was an insurance agent with Farmers Insurance and was also registered with Farmers Insurance's broker-dealer affiliate, Farmers Financial.

Under Farmers Insurance's procedures, when an agent collects a premium for new insurance business, he is supposed to enter the payment into Farmers Insurance's automated system (which generates a receipt for the customer), place the business with one of Farmers Insurance's insurance companies, and deposit the premium payment into an Farmers Insurance bank account to which the agent has access.

In June 2008, one of Brents' customers wrote a check payable to Farmers Insurance for \$4,308 for three different insurance policies and gave the check to Brents as agent for Farmers Insurance. Brents gave an insurance binder/receipt to the customer for the three policies. Brents then called Farmers Insurance and requested a quote for the largest policy, a business vehicle policy. Brents also entered two of the policies onto Farmers Insurance's system. Brents did not enter the payment for the third policy, the business vehicle policy, into the automated system and he did not deposit the premiums into the Farmers Insurance bank account. Instead, he deposited the check into his own business account, paid \$248 in premiums to Farmers Insurance on two of the customer's insurance policies and used the remainder to pay his business expenses.

One of the three insurance policies -- a business vehicle policy -- never issued because of a problem: there had been a year and two month lapse in the prior insurance policy of this particular customer. Brents misappropriated the money from Farmers Insurance: The customer's check was made out to Farmers Insurance, he issued a receipt to the customer, and he should have entered the whole premium onto the automated system, deposited the premium payment into the Farmers Insurance bank account and when the policy did not issue, Farmers Insurance would have reimbursed the customer. Farmers Insurance has, in fact, refunded the customer \$4,060, the unused portion of the premium.

Farmers Financial and Farmers Insurance terminated Respondent in February 2009 for the misappropriation from Farmers Insurance.

By virtue of the foregoing conduct, Respondent violated NASD Rule 2110 by misappropriating funds.

Sanction

Respondent consents to the imposition of a bar. Respondent agrees to continue to cooperate with Enforcement in an on-going investigation relating to this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule

9216;

- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit it.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity,

including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

7.30.10

Date

Michael R. Brents

Michael R. Brents
Respondent

Accepted by FINRA:

8/20/10

Date

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

Susan Light

Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
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