

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009017046701**

**To: Department of Enforcement
FINRA**

**Re: Lori E. Simpson
Associated Person
CRD No. 5553607**

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, I, Lori E. Simpson (Simpson), submit 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 me alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Simpson completed a Uniform Application For Securities Industry Registration Or Transfer to become associated with Princor Financial Services Corp. (Princor) on June 19, 2008. Simpson was employed by Principal Life Insurance Company (Principal Life), an affiliate of Princor. On February 20, 2009, Princor filed a Uniform Termination Notice For Securities Industry Registration for Simpson.

Simpson is not currently associated with any FINRA member. However, FINRA retains jurisdiction over Simpson pursuant to Article V, Section 4 of the FINRA By-Laws.

Relevant Disciplinary History

Simpson has not been the subject of prior formal disciplinary action by FINRA.

Overview

From June 2008 to February 2009, Simpson misused funds of Principal Life, Princor's affiliated company, in the amount of \$1,120.64. Simpson's conduct violated NASD Conduct Rule 2110 and FINRA Conduct Rule 2010. In addition, Simpson failed to respond to requests for information dated March 17, 2009 and April 16, 2009. Simpson's conduct violated FINRA Rules 8210 and 2010.

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Facts and Violative Conduct

Simpson was an employee of Principal Life. Her title was Client Service Advisor. In that position, Simpson provided client service to Principal Life clients, strengthened relationships with existing Principal Life institutional clients, and provided support to the Principal Life client relationship manager. Simpson did not have access to Principal Life or Princor customer funds.

Principal Life, and its affiliates, used a PeopleSoft system so employees could submit their business expenses to the company. Principal Life, and its affiliates, had established company guidelines wherein certain expenses were automatically approved if the expenses fell below a certain dollar threshold. Simpson, from June 2008 to February 2009, consistently submitted expenses under the threshold, so her expense reports would be approved without a Principal Life supervisor reviewing them. However, Simpson had not incurred any expenses. In engaging in this conduct, Simpson wrongfully obtained, and then misused for her own benefit, funds in the amount of \$1,120.64 during the period of June 2008 to February 2009, while she was associated with Princor.

Simpson's conduct violated NASD Conduct Rule 2110 and FINRA Conduct Rule 2010.

After FINRA opened an investigation, FINRA staff requested documents and information from Simpson. Specifically, on March 17, 2009, FINRA staff sent Simpson a letter requesting documents and information relating to her termination from Princor and Principal Life. The letter was sent via Certified Mail, return receipt requested, as well as by First Class Mail. Simpson received actual notice of the Rule 8210 letter, because she personally signed the receipt for the certified mailing of the Rule 8210 request. The letter cited FINRA Rule 8210. Simpson was required to produce documents and information by March 31, 2009. Simpson did not respond to the March 17, 2009, Rule 8210 letter.

Consequently, FINRA staff requested documents and information from Simpson a second time. Specifically, on April 16, 2009, FINRA staff sent Simpson a letter requesting documents and information relating to her termination from Princor and Principal Life. The letter was sent via Certified Mail, return receipt requested, as well as by First Class Mail. Simpson received actual notice of the Rule 8210 letter, because she signed the receipt for the certified mailing of the Rule 8210 request. The letter cited FINRA Rule 8210. Simpson was required to produce documents and information by April 30, 2009. Simpson did not respond to the April 16, 2009, Rule 8210 letter.

Simpson's conduct violated FINRA Rules 8210 and 2010.

B. I also consent to the imposition of the following sanctions:

- a bar from association with any FINRA broker-dealer in any capacity.

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

II. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

I understand 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 me; and
- C. If accepted:

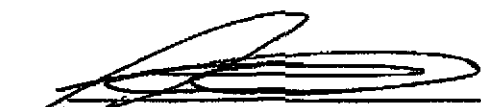
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. I 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I 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.)

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have 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 me to submit it.

Date: 5/14/10


LORI E. SIMPSON

Reviewed by:


Counsel for Lori E. Simpson

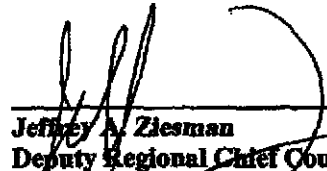
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Accepted by FINRA:

MAY 17, 2010
Date

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

By:


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