

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

Department of Enforcement,

Complainant,

v.

**Douangchay Chounchantharat
CRD No. 2998644,**

Respondent.

**DISCIPLINARY PROCEEDING
NO. 20090180505**

HEARING OFFICER

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In April 2009, Douangchay Chounchantharat ("Respondent" or "Chounchantharat"), a registered representative with Farmers Financial Solutions, LLC ("Farmers" or the "Firm"), who worked as an insurance agent for the Firm's affiliate, Farmers Insurance Group ("FIG"), misappropriated approximately \$4,383 from FIG. By virtue of this conduct, Chounchantharat violated FINRA Rule 2010.

2. During the course of FINRA's investigation into her alleged misappropriation, FINRA staff members requested information from Chounchantharat, on several occasions, pursuant to FINRA Rule 8210. Chounchantharat did not respond to any of these requests for information, and thus violated FINRA Rules 8210 and 2010.

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RESPONDENT AND JURISDICTION

3. Respondent Chouchantharat (CRD No. 2998644) was registered with Farmers as an Investment Company and Variable Contracts Products Representative (Series 6) and Representative and Uniform Securities Agent (Series 63) from June 2002 until her termination on May 7, 2009. While registered with the Firm, Chouchantharat worked as an insurance agent with the Firm's affiliate, FIG, in Arlington, Texas. Chouchantharat has not been associated with any FINRA regulated firm since her termination from Farmers on May 7, 2009. FINRA retains jurisdiction over Chouchantharat pursuant to Article V, Section 4(a) of the By-Laws because the conduct that serves as the basis for this action commenced prior to her termination of registration from a FINRA regulated broker-dealer and this Complaint has been filed within two years after the effective date of Chouchantharat's termination of registration from a FINRA regulated broker-dealer.

FIRST CAUSE OF ACTION

Chouchantharat Wrongfully Converted and Misappropriated Funds (Violation of FINRA Rule 2010)

4. The Department of Enforcement re-alleges and incorporates by reference paragraphs 1 through 3, above.

5. As an insurance agent with FIG, Chouchantharat was responsible for, among other things, maintaining and collecting customer insurance premiums on behalf of FIG.

6. On or about April 2009, Chouchantharat, intentionally and without authorization from FIG, took approximately \$4,383 of the customer premium payments and used the premium payments for her personal use.

7. On or about April 30, 2009, the District Office Manager for FIG conducted an audit of Chounchantharat's accounts in response to a late deposit notice from the bank account that held and processed FIG customer insurance premiums for Chounchantharat's FIG accounts. The audit revealed a shortage of approximately \$4,383 in Chounchantharat's FIG accounts. The District Office Manager promptly notified Chounchantharat.

8. On or about May 1, 2009, Chounchantharat deposited personal funds into the FIG bank account, to reimburse the account for the amount that she misappropriated in the FIG accounts.

9. On May 4, 2009 Chounchantharat verbally admitted that she misappropriated the funds and used them for her personal use and on May 5, 2009, she provided FIG with a signed written statement, admitting her misappropriation of the funds.

10. By virtue of the foregoing, Chounchantharat violated FINRA Rule 2010.

SECOND CAUSE OF ACTION

Chounchantharat Failed to Provide Information and Documents to FINRA (Violation of FINRA Rules 8210 and 2010)

11. The Department of Enforcement re-alleges and incorporates by reference paragraphs 1 through 10, above.

12. FINRA issued to Chounchantharat, requests for information and documents, pursuant to FINRA Rule 8210, on May 18, 2009, August 24, 2009, October 30, 2009 and November 20, 2009. Each of these requests were sent by certified and first class mail to [REDACTED], Chounchantharat's residential address as reflected in the Central Registration Depository ("CRD address"). The May 18, 2009 letter sent by certified mail was signed for by a "Toum Khouphonesy." The May 18, 2009 letter sent via first class

mail was not returned to FINRA. The August 24 letter sent by certified mail, was returned and marked "Return to Sender, Unclaimed, Unable to Forward." The August 24, 2009 letter sent by first class mail was not returned to FINRA. The October 30, 2009 letter, sent via certified and first class mail, was marked "Vacant." The November 20, 2009 letter sent by certified mail was signed for by a "Anakin" and also marked "Notify Sender of New Address." A similar notation to "Notify Sender of New Address" was marked on the returned November 20, 2009 letter sent via first class mail.

13. On or about April 8, 2010, Enforcement sent a request for information and documents, pursuant to FINRA Rule 8210, via certified and first class mail, to Chouchantharat's updated address found in her written statement to FIG and to her CRD address. The April 8, 2010 letters sent via certified mail to her new address and her CRD address were both signed for by a "Toum." The letters sent by first class mail were not returned. Chouchantharat failed to respond to any of the requests noted above.

14. By virtue of the foregoing, Chouchantharat violated FINRA Rule 8210. By failing to respond to these regulatory requests, Chouchantharat also failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests:

- A. an order that one or more of the sanctions provided pursuant to FINRA Rule 8310, including a bar against Respondent from associating with any member firm in any capacity, be imposed.

- B. an order that Respondent bear such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: May 19, 2010



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