

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 20100228577**

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

RE: Cristin Shea Hobson, Respondent CRD No. 5308126

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 March 2007 to May 2010, 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 registered as an Investment Company Products/Variable Contracts Representative and a Uniform Securities Agent. Respondent was terminated in May 2010 for the matters in this AWC. Respondent is not currently employed in the securities industry.

During the period February 2010 to May 2010, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade in that she misappropriated \$18,300 in insurance premiums from customers of her employer insurance company, Farmers Insurance. Respondent misappropriated these funds by failing to deposit customers' insurance premium payments into the

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insurance company's account, by using customers' payments to pay for prior customers' past due insurance premiums, and by using funds to pay for her own insurance policies. By virtue of this conduct, Respondent violated FINRA 2010.

FACTS AND VIOLATIVE CONDUCT

Misappropriation of Insurance Funds

Hobson 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, she 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.

During the period February 2010 to May 2010, Hobson misappropriated a total of approximately \$18,300 from several customers who paid cash or wrote checks for approximately 20 insurance policies and gave the cash and checks to Hobson as agent for Farmers Insurance,. Of the \$18,300 total payments, Hobson never deposited \$11,300 in cash payments to the Farmers Insurance bank account as payment for her customers' insurance policies. Hobson used the cash for personal expenses. In addition, out of the \$18,300, Hobson deposited approximately \$7,000 in payments made by checks, but she did not apply the money towards insurance policies for the customers who made the payments. Rather, she applied the money towards earlier customers' past due insurance policies by crediting the earlier policies. Hobson also applied approximately \$700 of these payments to her own personal insurance policies by crediting her policies.

Hobson thus misappropriated money from her insurance customers. Farmers Financial and Farmers Insurance terminated Respondent in May 2010 for the misappropriations.

By virtue of the foregoing conduct, Respondent violated FINRA Rule 2010 by misappropriating funds.

Sanction

Respondent consents to the imposition of a bar.

Pursuant to FINRA Rule 8313(e), the bar shall become effective upon approval or acceptance of this AWC.

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 her;
- 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 she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she 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 her to submit it.

Respondent understands that if she is barred or suspended from associating with any FINRA member, she 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, she 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).

March 3, 2011

Date

Cristin Shea Hobson

Cristin Shea Hobson
Respondent

Accepted by FINRA:

April 8, 2011
Date

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



Susan Light
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