

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Yevgeniya N. Stradling (CRD No. 4622048),

Respondent.

Disciplinary Proceeding
No. 2010023036701

Hearing Officer Andrew H. Perkins

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: September 8, 2011

INTRODUCTION

Disciplinary Proceeding No. 2010023036701 was filed on July 18, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Yevgeniya N. Stradling submitted an Offer of Settlement (Offer) to Complainant dated September 1, 2011. Pursuant to FINRA 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 FINRA 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

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

BACKGROUND

From January 2003 to June 2, 2010, Stradling was an independent contractor registered with FINRA at Farmers Financial as an Investment Company and Variable Contracts Products Representative (Series 6) and Agent (Uniform State Law Examination) (Series 63).

Farmers Financial filed a Form U-5 ("Uniform Termination Notice for Securities Industry Registration"), dated June 2, 2010, reporting that FIG found that Stradling misappropriated property and casualty insurance premiums and she was terminated on June 2, 2010.

Stradling does not have any prior disciplinary history.

FINDINGS AND CONCLUSIONS

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

In December 2009, Yevgeniya N. Stradling ("Stradling") violated FINRA Rule 2010 by misappropriating \$1,000. At the time, she was an independent contractor registered representative employed by Farmers Financial Solutions LLC ("Farmers Financial"), a FINRA registrant. The money that she misappropriated was insurance premiums paid by a customer of Farmers Insurance Group ("FIG"), an affiliate of Farmers Financial. Stradling was also an insurance agent for FIG at all times relevant herein. Stradling failed to deposit the customer insurance premiums into FIG's bank account or into a segregated account held in trust for

customers and instead she misappropriated the funds by depositing the premiums into her own account and using the funds for her own personal benefit.

In addition, Stradling violated FINRA Rules 8210 and 2010 by failing to respond to FINRA's requests for information and testimony.

RESPONDENT AND JURISDICTION

From January 2003 to June 2, 2010, Stradling was an independent contractor registered with FINRA at Farmers Financial as an Investment Company and Variable Contracts Products Representative (Series 6) and Agent (Uniform State Law Examination) (Series 63).

Farmers Financial filed a Form U-5 ("Uniform Termination Notice for Securities Industry Registration"), dated June 2, 2010, reporting that FIG found that Stradling misappropriated property and casualty insurance premiums and she was terminated on June 2, 2010.

Stradling remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, because this Complaint was filed within two years of the termination of her association with a FINRA registrant.

Misappropriation of Funds [Violation of FINRA Rule 2010]

FINRA Rule 2010 requires that an associated person, in the conduct of her business, "shall observe high standards of commercial honor and just and equitable principles of trade."

In December 2009, Stradling misappropriated insurance premium payments made by a FIG customer.

As an FIG agent, Stradling was required to collect and promptly remit monies due to FIG from its insurance customers. Under FIG procedures, when an agent collects a premium for insurance business, she is supposed to enter the payment into FIG's automated premium receipt

system (the "System"), place the business with one of FIG's insurance companies, and deposit the premium payment into a FIG bank account to which the agent has deposit access. In the rare instance when a customer wanted a type of insurance policy not sold by Farmers, the agent is supposed to deposit the customer's premium payment into a segregated account held in trust for customers.

On or about December 3, 2009, one of Stradling's insurance customers, MA, gave Stradling two checks, each in the amount of \$500, totaling \$1,000, as payment of premiums on two insurance policies.

On or about December 3, 2009, Stradling deposited MA's two checks into her business checking account, thereby commingling MA's premium payment with her own funds. She did not deposit the premium either in FIG's account or a segregated trust account.

By month end December 2009, Stradling had used MA's \$1,000 premium payments to pay her own expenses and had a negative account balance.

Stradling did not deposit the premium in the FIG account because she planned on placing MA's policy with an insurance carrier other than FIG. In January 2010, however, Stradling placed MA's policy with FIG nonetheless, but failed to use MA's funds to pay for the insurance. Stradling made a partial payment to FIG of approximately \$766 on or about January 20, 2010. In April 2010, after FIG informed her of the shortfall, Stradling made the remaining payment of approximately \$234.

On May 12, 2010, FIG performed a special internal field audit of Stradling's handling of insurance customer premiums (the "Special Audit") after receiving a complaint initiated by MA. During the Special Audit, Stradling admitted in a signed statement to accepting two \$500

premium payments from insurance customer MA in December 2009 and using the check proceeds for her personal benefit.

By virtue of the foregoing conduct, Stradling engaged in misappropriation, and, thus failed to adhere to high standards of commercial honor and just and equitable principles of trade in violation of FINRA Rule 2010.

**Failure to Provide Information and Testimony
[Violation of FINRA Rules 8210 and 2010]**

FINRA Rule 8210(a) states that “For the purposes of an investigation, complaint, examination or proceeding authorized by the FINRA By-Laws or rules, an Adjudicator or FINRA staff shall have the right to: (1) require a member, person associated with a member, or person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically...and to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding...”

On January 14, 2011 and February 18, 2011, Enforcement sent letters to Stradling at her address of record as indicated in the Central Registration Depository (the “CRD Address”), requesting that she provide documents and information in this matter on or before January 28 and February 28, 2011, respectively; and that she appear and testify on February 15 and February 28, respectively. The letters were sent via certified mail, return receipt requested, with copies by regular first class mail. The January 14 letter sent certified mail was returned with the notation “undeliverable as addressed, unable to forward,” and the February 18 letter sent certified mail was returned to FINRA marked “unclaimed, unable to forward.” The regular first class mail

copies of the letters were not returned to FINRA. FINRA did not receive a response from Stradling to these letters and she did not appear to testify.

Enforcement then conducted a Lexis.com People Search and a search of the publicly available property records on a governmental website in the State of Arizona and could not locate a more current address than the address on CRD.

The above correspondence sent by FINRA contained language warning Stradling that her failure to respond as required by FINRA Rule 8210 could result in formal disciplinary action against her.

Stradling has not provided information or documents or appeared and testified as requested by Enforcement in this matter.

As a result of the conduct, Stradling violated FINRA Rule 8210 and FINRA Rule 2010.

Based on 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

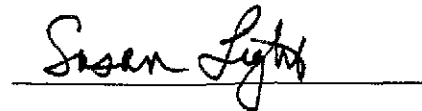
It is ordered that Respondent be barred.

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

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "Susan Light", is written over a horizontal line.

Susan Light, Senior Vice President and
Chief Counsel

Steven F. Korostoff, Director,
Enforcement Center

Laura A. Cooper, Senior Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor

New York, NY 10005

Phone: 646-315-7326; Fax: 202-689-3431

Laura.Cooper@finra.org