

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100250090**

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

RE: Elva Luz Solis, Respondent, Web CRD No. 5527297

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Elva Luz Solis (hereinafter referred to as either "Solis" or the "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

Solis was born in [REDACTED] and entered the securities industry in April 2008. During the period May 2008 through November 2010, Solis was associated with Farmers Financial Solutions, LLC ("Farmers Financial") and she became registered with FINRA in November 2008 as an Investment Company/Variable Contracts Products Representative (Series 6) and Broker-Dealer Agent (Series 63), effective December 2008. During the same period, Solis was also an insurance agent for Farmers Insurance Group ("Farmers Insurance"), an affiliate of Farmers Financial. In November 2010, Solis was terminated from Farmers Financial and Farmers Insurance as a result of the matters in this AWC.

Solis has not been employed in the securities industry since November 3, 2010, but currently remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-laws.

Solis has no prior securities disciplinary history.

OVERVIEW

During the period June 2010 to November 2010, Solis failed to observe high standards of commercial honor and just and equitable principles of trade in that she misappropriated \$22,223 in premiums from customers of her employer insurance company, Farmers Insurance, as well as customers of another insurance company affiliated with Farmers Insurance. Specifically, Solis failed to promptly deposit 141 insurance premium payments from customers into the insurance companies' accounts, and used customers' payments to pay for prior customers' past due insurance premiums and to pay for her own personal expenses. By virtue of this conduct, Solis violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Misappropriation of Insurance Funds

Solis was an insurance agent with Farmers Insurance and was also registered with Farmers Financial.

Under Farmers Insurance's procedures, when an agent collects a premium for new insurance business, he or she is supposed to enter the payment into the Agent's Credit Advice ("ACA") system (which generates a receipt for the customer), place the business with the insurance company, and deposit the premium payment within 24 hours into a Farmers Insurance co-bank account to which the agent has access.

During the period June 2010 to November 2010, Solis's customers paid 25 cash premiums totaling \$6,465 for their insurance policies with Farmers Insurance and gave the cash to Solis as agent for the insurance company. Although Solis entered the payments into the ACA system, she failed to promptly deposit and apply the money towards insurance policies for the customers who made the payments. Rather, she applied certain of the premiums towards earlier customers' past due insurance policies by crediting the earlier policies. Solis also used cash premiums for her own personal expenses. Solis thus misappropriated the \$6,465 in insurance premiums as described above.

In addition, during the same period, Solis's customers paid Solis 116 cash premiums totaling \$16,758 for insurance policies with an insurance company affiliated with Farmers Insurance. Because these payments were not for policies issued by Farmers Insurance itself, the payments were not covered under the ACA system. Instead, the agent was required to deposit the customer's premium payment into a segregated account held in trust for customers, known as a Premium Trust bank account. The agent was responsible for depositing the customer premium into the Premium Trust account and placing the business with the affiliated insurance company. The deposited premium payment was then electronically swept, normally within two days, from the bank directly to the insurance company.

Solis failed to promptly deposit and apply the premiums for the affiliated insurance company's policies towards the policies for the customers who made the payments. Rather, she applied certain of the premiums towards other customers' past due insurance policies, and also used cash premiums to pay her own personal expenses, including office rent and utilities.¹ Solis thus misappropriated the \$16,758 in insurance premiums for the affiliated insurance company's policies.

On October 21, 2010, in response to questions by a Farmers Insurance Auditor, Solis admitted to using cash premium payments for personal reasons. Farmers Financial and Farmers Insurance terminated Solis in November 2010 for the misappropriation of funds.

Solis has repaid the \$16,758 owed to the affiliated insurance company's account, but to date has not repaid the Farmers Insurance account shortages in the amount of \$6,465.

FINRA Rule 2010 requires that an associated person, in the conduct of his or her business, "shall observe high standards of commercial honor and just and equitable principles of trade." Solis violated FINRA Rule 2010 by misappropriating funds as described above.

SANCTION

- B. Respondent consents to the imposition of a bar.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion 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;

¹ In certain instances, Solis used premium payments from Farmers Insurance customers to cover past due payments from the affiliated insurance company's customers, and used premium payments from the affiliated insurance company's customers to cover past due payments from Farmers Insurance customers.

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 her; 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 Respondent 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).

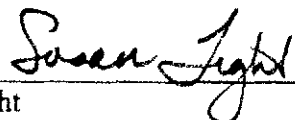
Date 11-10-11


Elva Luz Solis, Respondent

Accepted by FINRA:

Date 11/29/11

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



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