

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

Department of Enforcement,

Complainant,

v.

Carrie Ann La Friniere
(CRD No. 5459339),

Respondent.

Disciplinary Proceeding
No. 2011026817001

Hearing Officer Matthew Campbell

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: October 9, 2012

INTRODUCTION

Disciplinary Proceeding No. 2011026817001 was filed on July 30, 2012, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA") ("Complainant"). Respondent Carrie Ann La Friniere ("Respondent" or "La Friniere") submitted an Offer of Settlement (Offer) to Complainant dated September 15, 2012. 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 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 March 19, 2008 to March 3, 2011, La Friniere was registered with FINRA at Farmers Financial Solutions, LLC ("Farmers Financial") as an Investment Company and Variable Contracts Products Representative (Series 6), and she was also an insurance agent for Farmers Insurance Group ("Farmers Insurance"). On March 4, 2011, Farmers Financial filed a Form U-5 ("Uniform Termination Notice for Securities Industry Registration") reporting that Farmers Insurance found that La Friniere admitted to writing fictitious property and casualty insurance policies to receive advanced commissions and that she was terminated on March 3, 2011. Respondent did not have any other prior employment in the securities industry. She is not currently employed in the securities industry.

Although Respondent is no longer registered or associated with a FINRA member, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Respondent's registration with Farmers Financial, namely, March 4, 2011 and (2) the Complaint charges her with misconduct committed while she was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

During the period from about June 2008 through January 2011 (the "Relevant Period"), Respondent, a registered representative employed by a FINRA member, Farmers Financial, and

an insurance agent for the affiliated Farmers Insurance, violated NASD Rule 2110 and its successor, FINRA Rule 2010, by writing 84 fictitious property and casualty insurance policies for supposed customers of Farmers Insurance. Respondent was paid by Farmers Insurance approximately \$64,500 in advanced commissions for the fictitious policies. After writing each fictitious policy and receiving the commission for the sale, Respondent canceled the policy. The cancellation took place within 60 days of the policy's inception date. After the policy was canceled, Farmers Insurance reversed, or "charged back," the amount of commissions paid to Respondent. Respondent would then create additional fictitious policies, receive commissions, cancel the policies, and so on. Farmers Insurance recovered approximately \$52,400 from Respondent, but she has not repaid the remaining approximately \$12,100. By reason of this conduct, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade, and thus violated NASD Rule 2110 and FINRA Rule 2010.

In addition, Respondent violated FINRA Rules 8210 and 2010 by failing to respond to Enforcement's requests for information and testimony during its investigation in this matter.

CREATING FICTITIOUS INSURANCE POLICIES

NASD Rule 2110 and, on or after December 15, 2008, FINRA Rule 2010 require 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."

During the period from about June 2008 through January 2011, Respondent wrote 84 fictitious Farmers Insurance property and casualty insurance policies, in some instances using her family members and friends as the purported insured. In fact, no customers had purchased the policies.

When Respondent wrote a fictitious policy, she received an advanced commission as of the policy's purported inception date. Respondent received approximately \$64,500 in advanced commissions from Farmers Insurance for the sale of the fictitious policies.

During the time between the inception of a fictitious policy and Respondent's cancellation of the policy, she had the benefit of the advanced commissions, which she used for her personal expenses.

After writing a fictitious policy and receiving the commission for the purported sale, Respondent canceled the policy. This took place within 60 days of the policy's inception date. After Respondent canceled a fictitious policy, Farmers Insurance would charge back the advanced commissions that she had received. Respondent, however, continued to create additional fictitious policies, receive commissions, cancel the policies, and so on.

Below is a list of the 84 fictitious insurance policies, arranged by customer name (acronym) and the associated policy number:

Customer Name - Acronym	Insurance Policy #	Customer Name - Acronym	Insurance Policy #	Customer Name - Acronym	Insurance Policy #
LK		LH		CW	
C & C L		DD		CH	
JK		RS		MT	
KK		JK		LB	
SS		JK		ML	
SS		JK		MT	
SS		KK		JK	
C & C L		MT		JF	
WD		CL		FH	
WD		CL		Jo K	
LB		J Kr		KK	
C & C L		C & C L		J Kr	
J Kr		LL		MT	
AJ		SS		CW	
C & C L		Sh S		KS	
C & C L		GP		MS	
RL		MT		KS	
C & C L		DL		KS	
C & C L		CH		MS	

Customer Name - Acronym	Insurance Policy #	Customer Name - Acronym	Insurance Policy #	Customer Name - Acronym	Insurance Policy #
RS		PH		MT	
RS		Sh S		JP	
CS		EM		MM	
MP		MT		KE	
MC		DU		MS	
SM		JF		PH	
FH		CW		PH	
PH		LB		CH	
DS		GP		C & C L	

This matter came to light in December 2010, as a result of a Farmers Insurance District Manager's regular review of Respondent's pay and her production activity transcript, which disclosed large negative commission balances that changed within a few days to large positive commission balances by month's end. As a result, an internal audit was conducted, which resulted in Farmers Insurance discovering the matters described herein. During the audit, Respondent admitted to Farmers Insurance that she had been writing fictitious policies on her family and friends in order to produce a positive balance for herself.

In April 2011, Farmers Insurance reported this matter to the Michigan Office of Financial and Insurance Regulation.

Farmers Insurance recovered approximately \$52,400 of the advanced commissions from Respondent, but approximately \$12,100 has not been repaid by Respondent.

Based on the foregoing conduct, La Friniere wrote fictitious insurance policies, and thus failed to adhere to high standards of commercial honor and just and equitable principles of trade in violation of NASD Rule 2110 and FINRA Rule 2010.

Failure to Provide Information and Testimony

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 March 22, 2011, FINRA's Central Review Group sent a letter to Respondent, pursuant to FINRA Rule 8210, at her address of record indicated in the Central Registration Depository (the "CRD Address"). The letter, sent via certified mail, return receipt requested, with a copy by regular first class mail, requested documents and information concerning her termination from Farmers Financial.

FINRA received a written response from Respondent, dated April 4, 2011, to the March 22nd letter.

On May 10 and June 10, 2011, Enforcement sent letters to Respondent, pursuant to FINRA Rule 8210, at the CRD Address, via certified mail, return receipt requested, with copies by regular first class mail, requesting documents and information and that she appear and provide testimony on July 13, 2011. The letters sent certified mail class mail, return receipt requested, were returned to FINRA marked "Unclaimed." The regular first class copies of the letters were not returned to FINRA. FINRA did not receive a response from Respondent to these letters.

On July 13, 2011, Enforcement sent letters to Respondent, pursuant to FINRA Rule 8210, at the CRD Address, via certified mail, return receipt requested, with copies by regular first class

mail, requesting documents and information and that she appear and provide testimony on August 10, 2011. The letters sent certified mail class mail, return receipt requested, were returned to FINRA marked "Unclaimed." The regular first class copies of the letters were not returned to FINRA. FINRA did not receive a response from Respondent to the letters.

To date, Respondent has not provided any of the information requested or appeared and testified as requested by Enforcement in the May 10, June 10, and July 13, 2011 letters, referred to above.

Based on the foregoing, Respondent violated FINRA Rule 8210 and FINRA Rule 2010 by failing to comply with FINRA's request for information and testimony.

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 from association with any member of FINRA in any capacity.

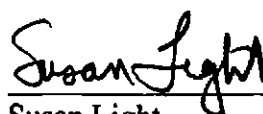
The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to

FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this 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.

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