

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035948001**

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

RE: Michael A. Zolondek, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 2513409

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

Michael Zolondek ("Zolondek") entered the securities industry in June 1994 when he became registered with a FINRA member firm, where he remained until November 1998. Zolondek was then associated with another FINRA-regulated firm from November 1998 to September 2002. In October 2002, Zolondek joined Farmers Financial Solutions, LLC ("FFS"). At the time of his association with FFS, he was also an employee of FFS's affiliate, Farmers Insurance Group ("FIG"), where he worked as the Life and Financial Services Specialist ("LFSS").

On July 16, 2012, FFS filed a Uniform Termination Notice for Securities Industry Registration ("Form U5"), disclosing that it terminated Zolondek on July 5, 2012. On February 12, 2013, FFS filed an amended Form U5 disclosing that Zolondek both assisted and allowed individuals to cheat on Life Underwriting Training Council ("LUTC") examinations.

Although Zolondek is no longer employed in the securities industry, he remains subject to FINRA's jurisdiction until February 11, 2015, pursuant to Article V, Section 4 of the FINRA By-Laws.

RELEVANT DISCIPLINARY HISTORY

Zolondek does not have any relevant disciplinary history.

OVERVIEW

From January 1, 2008 through June 1, 2012, while employed with FIG and registered with FFS, Zolondek violated NASD Rule 2110 and FINRA Rule 2010 by assisting approximately 300 FIG and FFS employees or contractors to cheat on 55 LUTC examinations. Between 2009 and 2012, Zolondek also violated FINRA Rule 2010 by instructing at least three FIG and FFS employees or contractors to make false statements on LUTC proctor affirmations. On December 4, 2009, Zolondek also violated NASD Rule 3010 and FINRA Rule 2010 by failing to supervise a registered individual by assisting him to cheat on an LUTC examination.

For Zolondek's violations of NASD Rules 3010 and 2110 and FINRA Rule 2010, Enforcement recommends a bar.

FACTS AND VIOLATIVE CONDUCT

1. The LUTC Courses and Examinations

The Life Underwriting Training Council Fellowship ("LUTCF") is a designation conferred jointly by AB and CD. At all times relevant to this matter, an individual could obtain the LUTCF designation by successfully completing six LUTC courses and satisfying certain other requirements. To successfully complete an LUTC course, a student had to pass a final examination with a score of 70% or greater. The LUTC program courses were designed for insurance professionals and taught product knowledge, marketing and sales, customer service and ethics. Neither the LUTC courses nor the LUTCF designation are required to sell any specific insurance or securities products.

In 2012, each online LUTC course was administered by a moderator via AB's learning management system, which allowed students to access a virtual learning environment. Zolondek moderated the LUTC courses offered to FIG and FFS employees and contractors in Wisconsin and scheduled the final examinations.

AB required that students designate a proctor for their final examination. After the student designated a proctor, AB sent an email to the designated proctor containing the proctor's user identification and a password, which would be used

to log into the examination. At the conclusion of the examination, a student had to complete a proctored examination affirmation ("Proctor Affirmation"), stating that he or she completed the examination independently. The proctor also signed the Proctor Affirmation stating that they were not the immediate supervisor of the student and that the student completed the examination independently and without assistance.

2. Zolondek Assisted Others to Cheat on LUTC Examinations

From January 1, 2008 through June 1, 2012, Zolondek assisted approximately 300 FIG and FFS employees or contractors to cheat on a total of 55 LUTC examinations. Zolondek assisted these individuals by: (1) identifying questions that had been answered incorrectly and then asking the question in a different way than the question was asked on the examination, (2) identifying incorrect answers and then explaining the meaning of each of the answers, (3) providing correct answers to the questions, and (4) taking an LUTC examination for an individual.

By assisting individuals to cheat on LUTC examinations, Zolondek violated NASD Rule 2110 for the period January 1, 2008 to December 14, 2008, and FINRA Rule 2010 for the period December 15, 2008 to the June 1, 2012.

3. Zolondek Instructed Others to Make False Statements on Proctor Affirmations

From October 2011 through April 2012, Zolondek instructed at least three FIG and FFS employees or contractors to sign Proctor Affirmations for LUTC examinations that they did not proctor. In total, these individuals signed at least 15 Proctor Affirmations for at least six LUTC examinations that they did not proctor, on which they falsely stated that they proctored the LUTC examinations, that the students completed the examinations independently and, in one instance, that the individual was not the student's direct supervisor. Zolondek knew that by signing Proctor Affirmations for examinations that they did not proctor, these individuals would be making these false statements.

By instructing others to make false statements on Proctor Affirmations, Zolondek violated FINRA Rule 2010.

4. Zolondek's Failure to Supervise

On December 4, 2009, Zolondek assisted a registered representative over whom he had supervisory responsibility to cheat on an LUTC examination. Zolondek assisted this individual by identifying the questions that he had answered incorrectly and then asking the questions in a different way than the questions were asked on the examination.

Zolondek failed to supervise this individual in violation of NASD Rule 3010 and FINRA Rule 2010 by assisting him to cheat on an LUTC examination.

B. I also consent to the imposition of the following sanctions:

- A bar from association with any FINRA-regulated entity in any capacity.

I understand that if I am barred from associating with any FINRA member, I become 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, I 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).

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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

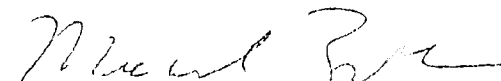
I understand that:

- 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

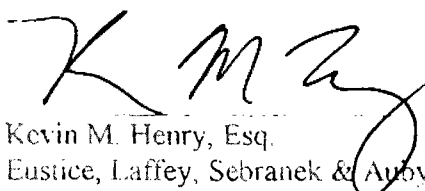
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, that I have agreed to its provisions voluntarily; and that no offer, threat, inducement or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

1/16/2014

Date


Michael A Zolondek, Respondent

Reviewed by

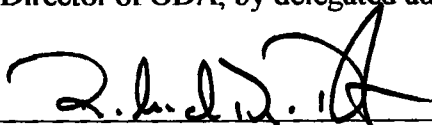


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Accepted by FINRA:

2.3.14
Date

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

A handwritten signature in black ink, appearing to read "R. R. Best", written over a horizontal line.

Richard R. Best, Chief Counsel
FINRA Department of Enforcement
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