

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006007045701**

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

RE: Debra A. Friend, Respondent
Limited Registered Principal
(CRD No. 1739192)

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REGISTRATION & DISCLOSURE

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Debra A. Friend, 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

Debra A. Friend ("Friend") entered the securities industry on October 20, 1987, as an Investment Company and Variable Contracts Products Representative of a member of FINRA. On May 2, 1988, Friend also became registered as an Investment Company and Variable Contracts Products Principal with a member of FINRA. On October 16, 1997, Friend became registered in the same capacities with AIG Retirement Advisors, Inc. ("Member"), a member of FINRA. She continues to be registered in such capacities with the Member and has no disciplinary history.

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OVERVIEW

In 2002, a customer of Friend was considering withdrawing funds that she held with her employer's pension account and discussed making a transaction with Friend. The customer completed and signed a form entitled, "Internal Combination/Rollover Form" ("Rollover Form"), had her officers of her employers sign the document, and sent it to Friend. There was a delay due to the funding of the pension fund, and Friend then sent her customer a document entitled, "Portfolio Director Fixed and Variable Annuity Application" ("Application"), to complete the withdrawal from the pension fund and the establishment of a separate account for the customer. The customer completed and signed the Application and returned it to Friend, but Friend either failed to submit and process the transaction for the customer, or she submitted it and the Member failed to process the transfer.

In October 2006, Friend was sent a list which showed that her customer still had her funds with the employer's pension account. Friend stated that she reviewed the customer's paperwork and noted that she submitted the application, but it was never processed. Since the Application forms had changed from 2002, Friend completed a new Application form for the customer, dated the Application for October 2, 2006, and cut and pasted the customer's signature from the previous Application to the new Application. Friend also changed the date on the Rollover Form from October 2, 2002 to October 2, 2006. Friend then submitted the new Application and the altered Rollover Form to open a new account for the customer. Despite the passage of 4 years, Friend engaged in such conduct without contacting the customer, and without the knowledge and consent of the customer. When the customer received the information, she complained to the Member. Friend's conduct violated NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

1. During all relevant times, CN was a member of the public. In 2002, CN was employed with GHS, which was a company that had a pension plan account which was serviced by the Member. CN had an interest in the pension plan account, which vested in the account on October 2, 2002.
2. On October 1, 2002, CN told Friend that she intended to leave the employment of GHS as of October 2, 2002, and wanted to be sure that she received 100% vesting from GHS's pension plan before she left GHS's employment.
3. On October 1, 2002, per CN's request, Friend sent a form entitled "Internal Combination/Rollover Form," ("Rollover Form") to remove her

vested funds from GHS's pension plan. CN wanted an officer of GHS to sign the Rollover Form before she left the Firm's employment. CN completed and signed the Rollover Form, which she dated October 2, 2002. CN's husband and a pension plan administrator of GHS also signed the Rollover Form on that date. CN then returned the completed and executed Rollover Form to Friend.

4. To complete the transaction, Friend still had to have CN sign a form entitled, "Portfolio Director Fixed and Variable Annuity Application" ("Application"). On November 12, 2002, after making sure that GHS's quarterly deposit had been posted to the pension fund account, Friend sent CN the Application. CN completed and signed the Application form and returned it to Friend. The Member had no record that it received the documents, so Friend either failed to forward the completed Application and the Rollover Form for processing, or Friend submitted the documents for processing but they were lost by the Member.
5. In late 2006, GHS decided to change vendors for its pension fund account, and it sent Friend a list of former employees which still had their interest in the pension fund accounts registered under GHS's group number. GHS asked Friend to review the list and attempt to transfer funds to the appropriate former employees. Friend said that she was surprised to see CN's name on the list of former employees, because she believed that CN had previously transferred her funds to an individual account.
6. In October 2006, Friend pulled CN's file and reviewed the paperwork. Friend noted that the Rollover Form and Application were never processed by the Member. Since the Application forms had changed since 2002, Friend: completed a new Application for CN; dated the document October 2, 2006; cut out CN's signature from the first Application; pasted CN's signature on the new Application; changed the date of the Rollover Form from October 2, 2002 to October 2, 2006, because the Member did not change this form; and submitted the new Application and altered Rollover Form for processing. Despite the fact that four years had passed since CN had authorized this change, Friend made no attempt to contact CN and engaged in this conduct without CN's knowledge and consent. This conduct was in violation of NASD Conduct Rule 2110. When CN received a new account kit through the mail in November 2006, she called the Member to complain that she had not met or spoken with a representative of the Member for about four years.

- B. I also consent to the imposition, at a maximum, of the sanctions of a suspension from association with any member of FINRA in any capacity for five months and a fine of \$5,000.

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

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. 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 Rule 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 Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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:

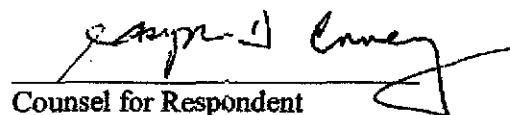
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 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.

2-27-09
Date


Debra A. Friend
Limited Registered Principal

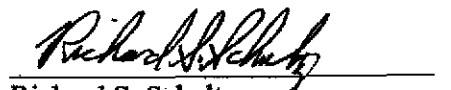
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

4/2/09
Date

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


Richard S. Schultz
Senior Regional Counsel
FINRA Department of Enforcement
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This Statement of Corrective Action is submitted by Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

June 10, 2008

VIA OVERNIGHT MAIL

Richard S. Schultz
Senior Regional Counsel
FINRA Department of Enforcement
55 West Monroe Street, Suite 2700
Chicago, Illinois 60603-5052

Re: Examination of Debra A. Friend, Examination No. 20060070457

Dear Mr. Schultz:

This Statement of Corrective Action ("Statement") is being submitted in addition to the Letter of Acceptance, Waiver and Consent ("AWC") signed by Debra Friend in the above referenced matter. It is our understanding that the Statement may not deny the charges or make any statement that is inconsistent with the settlement of charges, or that suggests that the AWC is without factual basis. The goal of this Statement is to provide you with the corrective actions that Ms. Friend is willing to take in an effort reduce her penalty, while at the same time gaining an increased knowledge, appreciation and understanding of compliance and regulatory issues.

In the coming months, there are District Preventive Compliance Conferences and Meetings throughout the nation. Ms. Friend would attend one of these conferences to become aware of current regulatory and compliance issues that FINRA feels are especially important. Attendance at such a meeting would not only illustrate Ms. Friend's

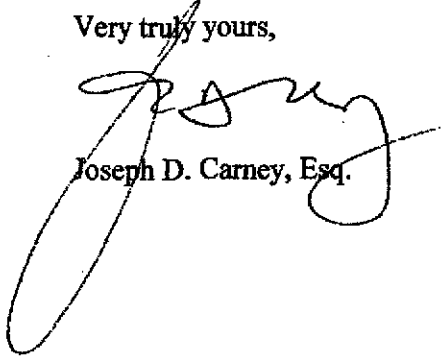
Richard S. Schultz
June 10, 2008
Page 2 of 2

desire to be compliant with all FINRA rules, but to stay abreast of the latest trends in the industry.

Ms. Friend would also take courses that FINRA offers, whether they be online, in classroom, or a phone-in workshop. There are also a number of e-learning courses archived on the FINRA website that Ms. Friend would download and watch, as there is a wealth of information available that would only help her to become a more informed and compliant representative. Both the video and text-based tutorials would benefit Ms. Friend.

Continuing education is definitely a part of Ms. Friend's future going forward in this industry. By taking her required education credits and coupling those with the additional measures she proposes via the various learning opportunities provided by FINRA, Ms. Friend would demonstrate a commitment to corrective action, as well as a desire and need to stay on top of relevant issues in compliance and the industry as a whole. It is our hope that these corrective actions will result in a reduced penalty for Ms. Friend.

Very truly yours,



Joseph D. Carney, Esq.