

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070082798-01**

RECEIVED
2008 JAN -8 P 12:21
REGISTRATION & DISCLOSURE

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

RE: Gloria Michelle Crayton, Respondent
Investment Company Products / Variable Contracts Representative
CRD No. 2614765

Pursuant to NASD 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

Gloria Michelle Crayton entered the securities industry on or about April 5, 1995, as an associated person of a FINRA member firm. On or about July 17, 2003, Crayton associated with State Farm VP Management Corp. (CRD No. 43036) (SFVP) and registered as an Investment Company Products / Variable Contracts Representative (IR) with the firm on or about August 4, 2003. Crayton remained continuously registered as an IR with SFVP until she voluntarily terminated her employment with the firm on or about February 7, 2007. During the period Crayton was registered with SFVP, she was also dually employed by State Farm Insurance. Respondent Crayton is not currently registered with any FINRA member and has no disciplinary history.

OVERVIEW

Gloria Crayton submitted four separate payroll expense reimbursement claims to State Farm Insurance, regarding payroll expenses for an individual incurred from on or about November 16, 2006, through on or about January 15, 2007, which

000064009 2008

totaled \$11,440. It was later discovered that Crayton had not actually incurred those payroll expenses and the individual for whom Crayton had submitted the four reimbursement claims did not work for her State Farm Insurance office. At the time of discovery, however, State Farm had already reimbursed Crayton for those payroll expenses.

FACTS AND VIOLATIVE CONDUCT

During the time period that Crayton was registered as an IR with SFVP, she was also dually employed by State Farm Insurance as an Insurance Agent. In her capacity as an Insurance Agent with State Farm, Crayton ran her own office, incurring expenses such as rent, staff payroll, and utilities. Crayton would pay those expenses and then submit reimbursement claims to State Farm. State Farm would subsequently reimburse Crayton for those expenses.

For the pay period of November 16, 2006, through November 30, 2006, Crayton submitted a payroll reimbursement claim to State Farm for Mr. H. Mr. H, however, neither worked for Crayton at her State Farm office during that time period, nor did Crayton actually incur the payroll expenses claimed. State Farm reimbursed Crayton for the payroll expenses she claimed were incurred by her for the employment of Mr. H from November 16, 2006, through November 30, 2006.

For the pay period of December 1, 2006, through December 15, 2006, Crayton submitted a payroll reimbursement claim to State Farm for Mr. H. Mr. H, however, neither worked for Crayton at her State Farm office during that time period, nor did Crayton actually incur the payroll expenses claimed. State Farm reimbursed Crayton for the payroll expenses she claimed were incurred by her for the employment of Mr. H from December 1, 2006, through December 15, 2006.

For the pay period of December 16, 2006, through December 31, 2006, Crayton submitted a payroll reimbursement claim to State Farm for Mr. H. Mr. H, however, neither worked for Crayton at her State Farm office during that time period, nor did Crayton actually incur the payroll expenses claimed. State Farm reimbursed Crayton for the payroll expenses she claimed were incurred by her for the employment of Mr. H from December 16, 2006, through December 31, 2006.

For the pay period of January 1, 2007, through January 15, 2007, Crayton submitted a payroll reimbursement claim to State Farm for Mr. H. Mr. H, however, neither worked for Crayton at her State Farm office during that time period, nor did Crayton actually incur the payroll expenses claimed. State Farm reimbursed Crayton for the payroll expenses she claimed were incurred by her for the employment of Mr. H from January 1, 2007, through January 15, 2007.

The gross amount requested in the four payroll reimbursement claims submitted by Crayton to State Farm totaled \$11,440.

As a result of requesting, and receiving, reimbursement from State Farm for payroll expenses for an individual who did not work for her and for payroll expenses she did not incur, Crayton violated NASD Conduct Rule 2110.

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

Crayton shall be barred from associating with any member of FINRA in any capacity.

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 NASD Rule 8310 and IM-8310-1.)

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 prejudice 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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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 NASD 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 NASD Rule 8310 and IM-8310-3; 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.

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.

10-19-07
Date

Gloria M. Crayton
Gloria Michelle Crayton

Reviewed by:

Craig Bessenger
Craig Bessenger, Esq.
Clarence & Dyer, LLP
899 Ellis Street
San Francisco, CA 94109
Counsel for Gloria Crayton

Accepted by FINRA:

01/04/2008
Date

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

Mark A. Graves
Mark A. Graves, Regional Counsel
FINRA Department of Enforcement
One Montgomery Street, Suite 2100
San Francisco, CA 94104
(415) 217-1100; Fax: (202) 721-6505