

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070083493-01**

RECEIVED
DEC 04 2008
FINRA
SAN FRANCISCO DISTRICT OFFICE

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

RE: Gregory Rawlings, Respondent
CRD No. 1323337
And
Liane S. Rawlings, Respondent
CRD No. 2581237

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, we [or Respondents] 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 us alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We 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

Gregory Rawlings first became associated with a FINRA member when he joined NY Life Securities (NYLife) in October 1984. He was registered as an Investment Company-Variable Contracts Products Representative (IR) of NYLife until January 2005. In January 2005, he joined FINRA member The Leaders Group, where he was registered as an IR until he voluntarily terminated his association in March 2008. He is not presently associated with a FINRA member and has not previously been the subject of disciplinary action.

Liane Rawlings first became associated with a FINRA member when she joined NYLife in January 1995. She was registered as an IR through NYLife until

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August 2006. In October 2006, she joined The Leaders Group as an IR. She is presently registered in that capacity with The Leaders Group. She has not previously been the subject of disciplinary action.

OVERVIEW

In January 2006, Gregory Rawlings and Liane Rawlings recommended to customer FO that she surrender a variable annuity she had purchased through NYLife in 2002 and purchase Class A shares of a mutual fund through The Leaders Group. FO paid a contingent deferred sales charge when she surrendered the variable annuity and a sales charge upon the purchase of the mutual fund shares. These charges totaled approximately 8% of the value of the variable annuity at the time of surrender. The recommendation was made without a reasonable basis for believing it to be suitable for FO.

FACTS AND VIOLATIVE CONDUCT

1. In early January 2006, Gregory Rawlings was representative of The Leaders Group and Liane Rawlings was a representative of NYLife. Customer FO owned a New York Life Lifestages Flexible Premium Variable Annuity (Annuity) held in an account for which Liane Rawlings was the NYLife representative of record. At that time, the Annuity was fully allocated to the fixed income sub-account, which paid interest at a rate of 3% per annum.
2. On or about January 13, 2006, Gregory and Liane Rawlings recommended that FO surrender the Annuity and purchase shares of the American Funds High Income Trust, Class A (Fund Shares). The stated purpose of the recommendation was to increase FO's returns above the 3% per annum that she received from the fixed account. In accordance with the recommendation, FO surrendered the Annuity, paying a contingent deferred sales charge of approximately \$5,750.00, and purchased the Fund Shares, paying a sales charge of approximately \$3,600.00. Gregory Rawlings received a net commission of approximately \$2,150.00 for the mutual fund purchase.
3. Respondents did not have a reasonable basis for believing that the liquidation of the Annuity and the purchase of the Fund Shares were suitable transactions for FO. As a result of the recommendations, FO paid approximately \$9,350.00 in sales charges to complete the transactions. The value of the Annuity at the time of surrender was approximately \$104,100.00 and the dollar value of Fund Shares purchased was approximately \$95,785.00. Therefore, the transaction resulted in an approximately 8% reduction in the value of FO's investment. Respondents did not advise FO of other sub-accounts of the Annuity with objectives and historical returns comparable to the American

Funds High Income Trust to which her funds could have been allocated without reduction of principal. Further, the liquidation resulted in the loss of the death benefit feature of the Annuity. By recommending unsuitable transactions, Respondents Gregory Rawlings and Liane Rawlings violated Conduct Rules 2310 and 2110.

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

Gregory Rawlings shall be:

- (1) suspended from association with any member of FINRA in any capacity for a period of 30 days; and
- (2) fined in the amount of \$7,155.00, of which \$2,155 represents the disgorgement of commissions received.

The fine shall be due and payable by Gregory Rawlings either immediately upon reassociation with a member firm following the 30 business-day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Liane Rawlings shall be:

- (1) suspended from association with any member of FINRA in any capacity for a period of 30 days; and
- (2) fined in the amount of \$5,000.00.

Gregory and Liane Rawlings shall be:

ordered, jointly and severally, to pay restitution to customer FO in the amount of \$9,350.00 plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from February 2, 2006, the date of the violative conduct, until the date this AWC is accepted by the NAC. Restitution shall be paid in equal monthly installments over a six-month period. Each installment payment shall be due and payable on or before the last day of each month. The first restitution payment shall be due and payable on the last day of the month following the month in which Liane Rawlings completes her suspension, e.g., if the suspension concludes in month 1, the first restitution payment will be due and payable on or before the last day of month 2. Satisfactory proof of each restitution payment, or of reasonable and documented efforts undertaken to effect such payment, shall be provided to FINRA staff no later than 15 calendar days following the payment due date. If for any reason Respondents cannot locate FO, after reasonable and documented efforts to make any of the required payments, Respondents shall forward any undistributed

restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which FO is last known to have resided

Liane Rawlings agrees to pay the \$5,000.00 fine upon notice that this AWC has been accepted and that such payments are due and payable. She has submitted an Election of Payment form showing the method by which she proposes to pay the fine imposed.

We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

We understand that if we are suspended from associating with any FINRA member, we 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, during the period of the suspension. Accordingly, we may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the suspension. (See NASD Rule 8310 and IM-8310-1.)

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

II.

WAIVER OF PROCEDURAL RIGHTS

We 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 us;
- 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, we 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.

We 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

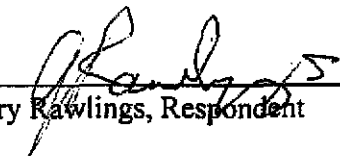
We understand that:

- 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 us; and
- C. If accepted:
 - 1. this AWC will become part of our permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against us;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about our disciplinary records;
 - 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. We 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. We 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 our rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

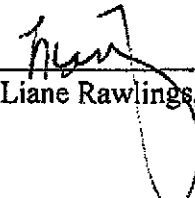
- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that we 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.

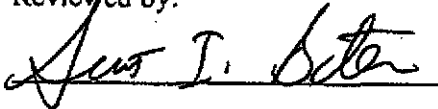
12/2/08
Date


Gregory Rawlings, Respondent

12/2/08
Date


Liane Rawlings, Respondent

Reviewed by:

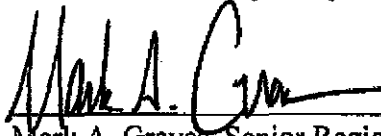


Scott I. Batterman, Esq.
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Honolulu, HI 96813
(808)535-8400

Accepted by FINRA:

1/9/2009
Date

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


Mark A. Graves, Senior Regional Counsel
FINRA Department of Enforcement
1 Montgomery Street, Suite 2100
San Francisco, CA 94104
415-217-1119; FAX 415-217-1201