

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007009936601**

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REGISTRATION & DISCLOSURE

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

RE: Gerald L. Thomason, Respondent
Investment Company / Variable Contracts Representative
CRD No. 1715980

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

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Gerald L. Thomason ("Thomason") entered the securities industry in July 1987 as an associated person of a member of FINRA. He became registered as an Investment Company / Variable Contracts Representative in August 1987. From June 1988 until July 1994 he was registered as a Direct Participation Programs Representative, and from February 1991 until July 1994 he was registered as a General Securities Representative. From February 16, 2001, until July 31, 2007, he was registered through NYLIFE Securities LLC ("NYLIFE Securities") as an Investment Company / Variable Contracts Representative. From July 19, 2007, until October 16, 2008, he was registered through another member firm as an Investment Company / Variable Contracts Representative.

Respondent Thomason is not currently registered or associated with any

member firm. He has not been the subject of prior disciplinary action by FINRA, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

OVERVIEW

In September 2005 and October 2006, Respondent Thomason provided incorrect answers on two Agent, Registered Representative and Investment Adviser Interview & Inspection Forms, which asked questions about his securities and insurance business. By doing so, he concealed from his employer firm and its insurance affiliate his violations of company policies which prohibited him from serving as a customer's beneficiary and from receiving customer mail at an address he controlled. Thomason thus entered false information in the records of his employer member firm.

FACTS AND VIOLATIVE CONDUCT

Background

During the period from February 16, 2001, until July 31, 2007, while Respondent Thomason was registered with NYLIFE Securities, he was also appointed as an insurance agent by its affiliate, New York Life Insurance Company ("New York Life").

At all relevant times, the written policies of NYLIFE Securities and New York Life prohibited the registered representatives of NYLIFE Securities and the agents of New York Life from engaging in certain practices. The prohibited practices included (a) being named as the beneficiary of a customer's account or policy, except when a policy insured an agent or a member of his family and written approval was received from an executive officer; and (b) receiving at the representative or agent's address, or at an address under his control, any correspondence from NYLIFE Securities or New York Life to a customer, unless authorized in writing by an executive officer.

In June 2004 Thomason met WJM, then age 81, and REM, then age 87. WJM and REM, who were brother and sister, were not related to Thomason. WJM and REM became customers of New York Life. In July 2004 WJM and REM each purchased a fixed annuity policy through Thomason from New York Life. Thomason also entered into a personal relationship with WJM and REM. Prior to 2004, as part of their respective estate plans, WJM had established the WJM Living Trust and REM had established the REM Living Trust.

On or about February 17, 2005, WJM made Thomason a beneficiary of the WJM

Living Trust, assigning him a 67% beneficial interest in the assets of the trust.

REM died on June 29, 2005. During the period from July 22, 2005, until August 15, 2005, the REM Living Trust purchased four fixed annuity policies through Thomason from New York Life. In particular, on July 22, 2005, the REM Living Trust purchased New York Life annuity policy no. [REDACTED] with an initial premium of \$400,000. On August 15, 2005, the REM Living Trust contributed an additional premium of \$100,000 to annuity policy no. [REDACTED]

When the REM Living Trust purchased annuity policy no. [REDACTED] Thomason was designated as the sole beneficiary of the annuity. His wife CT was named as the annuitant, but Thomason was not authorized in writing by an executive officer of NYLIFE Securities or New York Life to be named as a beneficiary of the annuity.

The REM Living Trust was the owner of annuity policy no. [REDACTED] The address listed on the annuity application for the REM Living Trust was Thomason's home address. Neither of the co-trustees of the REM Living Trust received mail at that address. Subsequently, mail from New York Life to the REM Living Trust was received at Thomason's home address. Thomason was not authorized in writing by an executive officer of NYLIFE Securities or New York Life to receive customer mail at his address or at an address he controlled.

2005 Inspection Form

On September 28, 2005, as required by NYLIFE Securities and New York Life, Thomason completed and signed an Agent, Registered Representative and Investment Adviser Interview & Inspection Form ("the 2005 Inspection Form") and responded to questions regarding his NYLIFE Securities and New York Life business.

Question No. 19 on the 2005 Inspection Form asked:

Do you understand and comply with the requirement that you may not receive a client's mail at an address that you control?

Thomason answered "Yes" to Question No. 19. A negative answer was required because at that time Thomason received mail at an address he controlled for the REM Living Trust, a New York Life client.

Question No. 20(a) on the 2005 Inspection Form asked:

Do you understand and comply with the requirement that you may

not be the assignee, owner, trustee, beneficiary, executor, a personal representative (or act in any other fiduciary capacity) for a customer, other than an immediate family member, without prior written permission from the Company?

Thomason answered "Yes" to Question No. 20(a). A negative answer was required because at that time Thomason was a beneficiary of the WJM Living Trust, a New York Life customer; and he was also the sole beneficiary of annuity policy no. [REDACTED] which was owned by the REM Living Trust, a New York Life customer. Thomason had not received prior written permission from New York Life to be a beneficiary of either customer.

Question No 20(b) on the 2005 Inspection Form asked:

If you are acting in any of these capacities, do you have in writing an approval by the Company? (If you are not acting in such a capacity respond 'N/A'.)

Thomason answered "N/A" to Question No. 20(b). A negative answer was required because Thomason was acting as a beneficiary for New York Life customers and did not have in writing an approval by New York Life.

2006 Inspection Form

On October 6, 2006, as required by NYLIFE Securities and New York Life, Thomason completed and signed an Agent, Registered Representative and Investment Adviser Interview & Inspection Form ("the 2006 Inspection Form") and responded to questions regarding his NYLIFE Securities and New York Life business.

Question No. 21 on the 2006 Inspection Form asked:

Do you understand and comply with the requirement that you may not receive a client's mail at an address that you control?

Thomason answered "Yes" to Question No. 21. A negative answer was required because at that time Thomason received mail at an address he controlled for the REM Living Trust, a New York Life client.

Question No. 22(a) on the 2006 Inspection Form asked:

Do you understand and comply with the requirement that you may not be the assignee, owner, trustee, beneficiary, executor, a

personal representative (or act in any other fiduciary capacity) for a customer, other than an immediate family member, without prior written permission from the Company?

Thomason answered "Yes" to Question No. 22(a). A negative answer was required because at that time Thomason was a beneficiary of the WJM Living Trust, a New York Life customer; and he was also the sole beneficiary of annuity policy no. [REDACTED] which was owned by the REM Living Trust, a New York Life customer. Thomason had not received written permission from New York Life to be a beneficiary of either customer.

Question No 22(b) on the 2006 Inspection Form asked:

If you are acting in any of these capacities, do you have in writing an approval by the Company? (If you are not acting in such a capacity respond 'N/A'.)

Thomason answered "N/A" to Question No. 22(b). A negative answer was required because Thomason was acting as a beneficiary for New York Life customers and did not have in writing an approval by New York Life.

Violations

By providing incorrect answers on the 2005 and 2006 Inspection Forms, Thomason concealed from NYLIFE Securities and New York Life his violations of their policies. He thereby entered false information in the records of his employer member firm, NYLIFE Securities.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 3110 by Gerald L. Thomason. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent Thomason.

B. Respondent also consents to the imposition of the following sanction:

Gerald L. Thomason shall be barred from associating with any member of FINRA in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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).

The sanction 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 AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Respondent;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands that:

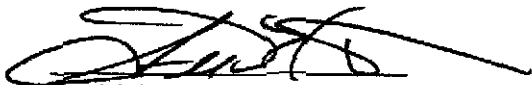
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

1/8/2009
Date


Gerald L. Thomason
Respondent

Reviewed by:

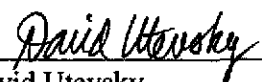


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Accepted by FINRA:

January 30, 2009
Date

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



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