

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008012477401**

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REGISTRATION & DISCLOSURE

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

RE: Kimberly Sue Rutherford
CRD No. 4800205

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Kimberly Sue Rutherford (Rutherford") 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 Rutherford alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Rutherford 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

Rutherford entered the securities industry in May 2006, when she became an independent contractor with Southern Farm Bureau Fund Distributor Inc. ("Southern Farm BD"). Rutherford holds Series 6 and 63 licenses. Rutherford was also an insurance agent for Southern Farm BD's affiliate, Southern Farm Bureau Life Insurance Company ("Southern Farm Life") since October 2005.

On or about February 15, 2008, both Southern Farm Life and Southern Farm BD terminated Rutherford's employment. Southern Farm BD subsequently filed a Uniform Termination Notice for Securities Industry Registration dated February 19, 2008, reporting that "Rutherford alerted statements and other company-issued correspondence for two fixed annuity accounts, guaranteed a client an interest rate in excess of the fixed annuity contract and rebated or promised to rebate monies to two clients."

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Rutherford is not currently employed in the securities industry. FINRA retains jurisdiction over Rutherford pursuant to Article V, Section 4 of the NASD By-Laws.

RELEVANT DISCIPLINARY HISTORY

Rutherford does not have any prior disciplinary history in the securities industry.

OVERVIEW

In connection with the sale of an annuity contract, Rutherford misrepresented to a customer that he would receive a higher return rate than what was offered by the terms of the policy. Rutherford also provided the customer with falsified annual account statements and an altered annuity contract which reflected a fictitious return rate and inflated account value.

Rutherford also falsified an annuity confirmation statement for a second customer, wherein the account balance was increased to cover a surrender charge in connection with a payment of a premium.

FACTS AND VIOLATIVE CONDUCT

Customer SB

On or about December 19, 2006, Rutherford sold SB, a 59 year-old retiree, a Flexible Premium Deferred Annuity ("Deferred Annuity") issued by Southern Farm Life. SB's premium payment was \$510,000. Pursuant to the terms of the annuity contract, SB would receive 4 ¼ percent for one year and a guaranteed rate of three percent for the remainder of the term of the policy.

However, prior to purchasing the Deferred Annuity, Rutherford misrepresented to SB that he would receive 5 ¼ percent for one year and 4 ¼ percent for the remainder of the contract's term. Relying upon Rutherford's misrepresentations concerning the rate of return, SB purchased the Deferred Annuity.

Rutherford thereafter falsified Southern Farm Life documents such as SB's annuity contract, a deferred annuity receipt and current interest rate form, and two annual account statements to reflect that SB was receiving 5 ¼ percent, when in fact he was receiving a lower rate of return. Rutherford provided these altered documents to SB for his review.

Additionally, Rutherford falsified one annual account statement by increasing the account balance by over \$5,000 in order to mislead SB into believing that he received additional earnings as a result of a higher rate of return. Rutherford also deposited over \$5,000 of her own personal funds into SB's account to compensate him for the disparity in return rates.

Customer JWE

On or about May 22, 2007, Rutherford sold JWE, an 80 year-old retiree, a Deferred Annuity issued by Southern Farm Bureau Life. JWE's initial premium payment was \$19,500. JWE

continued to add premium payments to his annuity contract and by the end of 2007, his account balance was over \$496,000.

Prior to purchasing the Deferred Annuity, Rutherford agreed to reimburse JWE for any early withdrawal penalties that would be incurred with transferring money to his annuity. Relying on Rutherford's representations, JWE purchased the Deferred Annuity on or about May 24, 2007.

On or about August 28, 2007, JWE added over \$64,000 to his Deferred Annuity by liquidating a Certificate of Deposit ("CD") prior to maturity. The Bank which issued the CD charged JWE approximately \$500 as a penalty for early withdrawal.

When JWE received his transfer confirmation from Southern Farm Bureau, he noticed that his account balance was reduced by \$500. JWE complained to Rutherford, who in turn provided him with a falsified confirmation, reflecting a credit of \$500. However, in early 2008, when JWE received his 2007 annual annuity account statement from Southern Farm Life, he noticed that the \$500 surrender charge had still not been credited to his account.

Falsification of Documents and Misrepresentations of Materials Facts

NASD Conduct Rule 2110 states, "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade." Falsification of records constitutes conduct that is inconsistent with just and equitable principles of trade and which violates the high standard of commercial honor to which FINRA holds registered persons. By falsifying documents in connection to the deferred annuities purchased by SB and JWE, Rutherford violated NASD Conduct Rule 2110.

Additionally, misrepresentations of material fact made to a customer by a registered person constitutes conduct inconsistent with commercial honor and just and equitable principles trade. Rutherford's verbal misrepresentations to SB about the rate of return that he could expect from his Deferred Annuity concerned material facts. Such conduct constitutes a separate and distinct violation of NASD Conduct Rule 2110 by Rutherford.

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

A Bar in all capacities.

The sanctions 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

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.

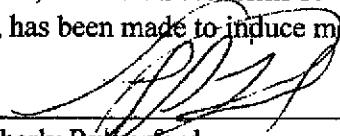
OTHER MATTERS

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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
 - 5. 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 Rules 8310 and 8311).

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.

9/23/09
Date

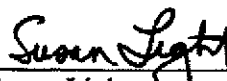

Kimberly Rutherford

Accepted by FINRA:

By: _____

9/25/09
Date

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


Susan Light
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