

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009019285301**

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

RE: Tracy M. Lamoreaux, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 4578811

Pursuant to FINRA 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

Tracy M. Lamoreaux ("Lamoreaux") entered the securities industry in March 2003, when she registered with American Family Securities, LLC ("AFS" or "the firm") as an Investment Company and Variable Products Contracts Representative. While registered with AFS, Lamoreaux also worked with AFS's insurance affiliate. AFS terminated Lamoreaux's registration with the firm on June 3, 2009, because she had voluntarily terminated her relationship with the insurance affiliate with was a condition for registration with AFS. Lamoreaux has not registered or associated with another FINRA member firm since that time. FINRA retains jurisdiction over Lamoreaux through June 2, 2011.

OVERVIEW

Lamoreaux failed to provide FINRA staff with documents, information and testimony properly requested pursuant to FINRA Rule 8210. In addition, Lamoreaux borrowed money from a firm

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customer without seeking permission from AFS to do so, in violation of NASD Rules 2370 and 2110.

FACTS AND VIOLATIVE CONDUCT

In or about January 2009, AFS customer KA loaned Lamoreaux approximately \$462 to help Lamoreaux meet her expenses. KA obtained the funds by borrowing the money from a variable universal life insurance policy she maintained with AFS. Lamoreaux told KA that she would repay her with a profit bonus that she would receive within two months. However, Lamoreaux did not repay KA the loan amount as promised. Upon learning about the loan in or about August 2009, AFS repaid KA \$462 plus interest. AFS's procedures allow the borrowing and lending between customers and registered persons but require, consistent with Rule 2370(b), that representatives request and obtain the firm's approval before they can borrow money from or lend money to a customer. Lamoreaux did not notify AFS in any manner about the loan she obtained from KA and the firm never provided her with written approval of the loan. Therefore, by borrowing funds from KA without requesting or receiving approval from AFS to borrow such funds, Lamoreaux violated NASD Conduct Rules 2370 and 2110.

On September 4, 2009, FINRA sent Lamoreaux a request for information pursuant to FINRA Rule 8210, concerning her loan from KA. Lamoreaux responded to the request on September 18, 2009. On or about September 11, 2009, AFS filed a Form U5 amendment disclosing other potential violations by Lamoreaux concerning irregularities in the remittance of premiums collected by Lamoreaux to the insurance affiliate. Consequently, FINRA sent Lamoreaux a new 8210 request letter on July 7, 2010, seeking additional documents and information by July 22, 2010. This request sought both further information and documents pertaining to the loan from KA and documents and information relating to potential misuse of insurance premiums. The request, which was sent to Lamoreaux's residential CRD address, also requested that she appear for an on-the-record interview ("OTR") on August 12, 2010, at FINRA's Denver office. Lamoreaux, who received the letter, spoke to FINRA staff about the request on August 10, 2010. In that call, Lamoreaux asked if she could reschedule the OTR to a later date.

In the August 10, 2010 call, FINRA staff agreed to reschedule the OTR for a date which was more convenient for Lamoreaux, provided that she chose a date within six weeks of August 12, 2010 and that she advise FINRA of her selected date no later than August 27, 2010. FINRA staff also informed Lamoreaux that if she did not communicate a new date by August 27, the staff would select a date. In conjunction with the rescheduling of Lamoreaux's OTR, FINRA also granted an extension of the due date to provide the documents and information requested in the July 7th letter, from July 22, 2010 to August 17, 2010. All of these details were subsequently confirmed in a letter FINRA sent on August 24, 2010 via certified and first class mail, to Lamoreaux's residential CRD address and to a newer address Lamoreaux provided to FINRA staff. The certified letters were both successfully delivered and the first class mailings were not returned. Lamoreaux did not provide any of the documents or information requested by FINRA staff in its letter dated July 7, 2010.

Lamoreaux did not provide FINRA with a new date for her OTR. Therefore, on September 10, 2010, FINRA sent a letter to Lamoreaux's residential CRD address, and her newer address advising her that it had rescheduled her OTR for October 4, 2010, at FINRA's Denver office. It also reiterated that she still needed to respond to FINRA's request for documents and information dated July 7, 2010, which was due on August 17, 2010. Lamoreaux, who received the September 10, 2010 letter, called FINRA staff on September 29, 2010 and advised that she did not intend to appear at the OTR on October 4, 2010 in Denver. Consistent with this representation, Lamoreaux did not appear for her OTR in Denver on October 4, 2010.

Lamoreaux never provided FINRA with the documents and information requested in its letter dated July 7, 2010. Lamoreaux's failure to provide testimony and to provide requested documents and information impeded the staff's ability to investigate other potential serious allegations of wrongdoing and violated FINRA Rules 8210 and 2010.

OTHER FACTORS

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

A bar from associating with any FINRA member 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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. 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).

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.

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.

10-8-10
Date

Tracy M. Lamoreaux
Tracy M. Lamoreaux

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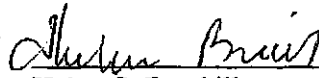
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Accepted by FINRA:

10/25/10
Date

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



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