

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JERYL WAYNE CLEGG,
(CRD No. 2542818)

Respondent.

Disciplinary Proceeding
No. 2010022209101

Hearing Officer: MAD

ORDER ACCEPTING OFFER OF SETTLEMENT

INTRODUCTION

Disciplinary Proceeding No. 2010022209101 was filed on October 29, 2010 by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Clegg submitted an Offer of Settlement (Offer) to Complainant dated January 21, 2011. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanction set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

000057034 2011

the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Jeryl Wayne Clegg (Clegg) was first registered in November 1994 as an investment company and variable contracts products representative. Clegg was registered as an investment company and variable contracts products principal in June 2001 and as a general securities representative in September 2002. Clegg was registered with multiple FINRA member firms, and was last registered as a general securities representative and investment company and variable contracts products representative with MidSouth Capital, Inc. (MidSouth) from May 2006 until March 2010. On March 25, 2010, MidSouth filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on behalf of Clegg, terminating his association with MidSouth as of March 24, 2010.

Clegg is not currently associated with a FINRA member firm, but Clegg remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, in that the violations of FINRA's rules alleged in the Complaint occurred while he was associated with a FINRA member firm and the Complaint was filed within two years of Clegg's last association with a FINRA member firm.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FIRST CAUSE OF ACTION
NASD Conduct Rule 2330(a) and FINRA Rule 2010
(Conversion of Customer Funds)

1. At all relevant times, J.K. and C.H. were customers of Clegg who maintained securities accounts at MidSouth that were serviced by Clegg.
2. On or about July 17, 2009, Clegg caused a withdrawal of approximately \$4,000 from customer C.H.'s variable annuity account, and committed conversion by depositing the funds, which were in the form of a check, into his business account, and using the funds for his own benefit, without the knowledge or consent of customer C.H.
3. On or about February 19, 2010, Clegg caused a withdrawal of approximately \$3,000 from customer J.K.'s variable annuity account, and committed conversion by depositing the funds, which were in the form of a check, into his business account, and using the funds for his own benefit, without the knowledge or consent of customer J.K.
4. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2330(a) and FINRA Rule 2010 by Respondent Clegg.

SECOND CAUSE OF ACTION
FINRA Rules 8210 and 2010
(Failure to Respond to Information Requests)

5. On March 25, 2010, MidSouth filed a Form U5 on behalf of Clegg, which indicates that Clegg was terminated for admitting to making unauthorized withdrawals of funds from a customer's variable annuity account without the customer's prior consent or authorization. FINRA initiated an investigation into the allegations on the Form U5 filed by MidSouth.
6. On April 23, 2010, FINRA sent Clegg a letter, pursuant to FINRA Rule 8210, requesting that Clegg submit a detailed written response regarding the allegations against him. The

April 23, 2010 letter was sent to Clegg at his residential CRD address, and to two alternate addresses, obtained through a LexisNexis address search, via first class and certified mail. The letter set a deadline of May 7, 2010 for Clegg to respond.

7. The April 23, 2010 letters sent by first class mail were not returned. The April 23, 2010 letter sent to Clegg's residential CRD address by certified mail was returned unclaimed. The letters sent to the alternate addresses were also returned. On May 3, 2010, an attorney for Clegg contacted the staff and requested an extension of time to respond until May 21, 2010, which the staff granted. On May 20, 2010, a different attorney representing Clegg, contacted the staff and requested an additional extension of time. The staff granted an extension until May 24, 2010. Clegg did not respond as requested by the May 24, 2010 deadline.
8. On May 26, 2010, FINRA sent Clegg a second letter, pursuant to FINRA Rule 8210, requesting that Clegg submit a detailed written response regarding the allegations against him. The May 26, 2010 letter was sent to Clegg at his residential CRD address and the alternate addresses, via first class and certified mail. The May 26, 2010 letter set a deadline of June 9, 2010 for Clegg to respond.
9. The May 26, 2010 letters sent by first class mail were not returned. The May 26, 2010 letter sent by certified mail to Clegg's residential CRD address was delivered on June 1, 2010. The letters sent by certified mail to the alternate addresses were returned. Clegg failed to respond by the June 9, 2010 deadline.
10. To date, Clegg has not responded to FINRA's requests dated April 23, 2010 and May 26, 2010. Clegg's failure to submit the requested information impeded FINRA's

investigation and prevented FINRA from completing its regulatory responsibility to fully investigate potential rule violations.

11. Such acts, practices and conduct constitute separate and distinct violations of FINRA Rules 8210 and 2010 by Respondent Clegg.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent Clegg from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

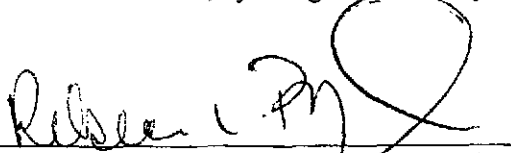
SANCTIONS

It is ordered that Respondent Clegg be barred from association with any FINRA member firm 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 Order.

SO ORDERED.

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

A handwritten signature in black ink, appearing to read 'Rebecca L. Burnaugh', is written over a horizontal line.

Rebecca L. Burnaugh, Regional Counsel
FINRA Department of Enforcement
Atlanta District Office
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
Phone: (404) 239-6125; Fax: (404) 264-1586
E-Mail: rebecca.burnaugh@finra.org