

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022365401**

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

RE: Jason C. Kerley
CRD No. 5208472

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jason C. Kerley ("Kerley") 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 him alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Kerley 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

Jason C. Kerley ("Kerley") was associated with State Farm VP Management Corporation (BD No.43036) from August 2006 until March 2010. He worked in a branch office located in Syracuse, New York. Kerley's work consisted primarily of selling home, life, and automobile insurance policies to customers. In 2006, Kerley obtained his Series 6 and Series 63 securities licenses and sold variable life insurance policies and mutual funds to the firm's customers. Kerley maintained both licenses until his termination on March 12, 2010. Pursuant to Article V, Section 4 of the FINRA By-Laws, Kerley remains subject to FINRA's jurisdiction.

OVERVIEW

During the period January 1, 2007, through March 12, 2010 ("the relevant period"), in multiple instances, Kerley submitted false and misleading documentation to support insurance applications. In so doing, he failed to observe high standards of commercial honor and just and

equitable principles of trade and thereby violated FINRA Rule 2010 and NASD Rule 2110.¹

FACTS AND VIOLATIVE CONDUCT

Kerley Knowingly Created False Insurance Documents

Throughout the relevant period, State Farm required that insurance applicants maintain a valid state issued “operator’s” driver’s license in order to be eligible to purchase insurance for a vehicle. State Farm also required that applicants maintain ownership of each vehicle covered by the applicant’s automobile insurance policy. Kerley was aware of these requirements.

However, in October 2008, Kerley purposely circumvented these requirements. He added customer BS to her boyfriend’s existing automobile insurance policy when he knew that BS did not qualify for two reasons. First, BS did not have a valid state issued operator’s license, as required. Second, Kerley knew that his employer permitted only family members to be added to an insurance policy and girlfriends did not qualify.

Kerley used the manual option on his employer’s computer systems to create an automobile insurance verification card for customer BS and then added her to the boyfriend’s policy when he knew BS did not qualify.

Kerley Forged an Applicant’s Signature on an Automobile Inspection Report

Throughout the relevant period, State Farm (and New York state law) required each automobile insurance applicant to conduct a vehicle inspection. State Farm required each applicant to sign and attest that the information provided in the inspection report was “true and complete.” Kerley was fully aware of these requirements.

However, on or about August 24, 2009, without customer PW’s knowledge, Kerley signed PW’s name to an inspection report and knowingly submitted the inspection report to State Farm to change a vehicle on PW’s existing insurance policy.

Kerley Caused Other False Insurance Documentation to be Submitted

During the relevant period, Kerley submitted other false or misleading insurance documentation to State Farm. State Farm required that certain life insurance applicants provide an “oral specimen test” (“OST”) to the firm. The OST consisted of an oral swab that was then sent for analysis. The insurance company used OSTs to gather specific details about applicants’ behaviors and health status in order to assess the applicants’ insurance risk. During the relevant period, Kerley submitted OSTs when he knew that the applicant had not in fact provided the swab, but that someone else had provided the specimen on the applicant’s behalf.

As set forth above, during the relevant period, Kerley knowingly submitted multiple false and misleading documents to support insurance applications. He thereby failed to observe high standards of commercial honor and just and equitable principles of trade and thereby violated

¹ On December 15, 2008, NASD Rule 2110 became FINRA Rule 2010.

FINRA Rule 2010 and NASD Rule 2110.

B. Kerley also consents to the imposition of the following sanctions:

1. A two year suspension in all capacities;
2. A \$15,000 fine.

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

The fine shall be due and payable either immediately upon reassociation with a member firm following the two year 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.

Kerley 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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Kerley 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).

Kerley specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanctions(s) imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

Kerley 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, Kerley 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.

Kerley 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

Kerley 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. Kerley 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. Kerley 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 Kerley's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Kerley may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Kerley understands that he 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.

Kerley certifies that he has read and understand all of the provisions of this AWC and have 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.

12/23/2011
Date

Jason C. Kerley
Jason C. Kerley

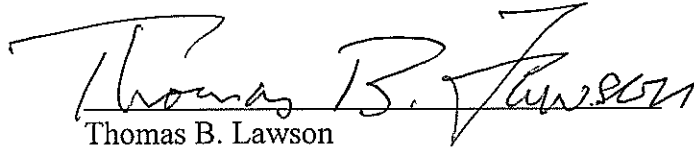
Reviewed by:

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Accepted by FINRA:

1/19/12
Date

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

A handwritten signature in black ink, reading "Thomas B. Lawson". The signature is written in a cursive style with a large, stylized "T" and "L".

Thomas B. Lawson
Vice President and Chief Counsel
FINRA Department of Enforcement
1801 K Street, 8th floor
Washington, DC 20006