

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010025072501**

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

RE: Kerri Lynn Avery, Respondent
Investment Company / Variable Contracts Representative
CRD No. 4766216

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

Kerri Lynn Avery entered the securities industry in February 2004 as an associated person of American Family Securities, LLC ("the Firm"). She was registered through the Firm as an Investment Company / Variable Contracts Representative from March 18, 2004, until December 8, 2009.

On November 4, 2010, within two years after the Firm filed its original Uniform Termination Notice for Securities Industry Registration ("Form U5") on behalf of Respondent Avery, the Firm filed an Amended Form U5 on her behalf, which disclosed that she was the subject of an internal review in which the Firm was investigating the possible misappropriation of customer premiums. Respondent Avery is not currently registered or associated with any member firm.

RELEVANT DISCIPLINARY HISTORY

Respondent Avery has not been the subject of prior disciplinary action by FINRA or its predecessors.

OVERVIEW

During the period from June 2007 until November 2009, Respondent Kerri Lynn Avery deducted funds from the salary of an employee who was also a customer, for the purpose of making contributions to the employee's variable annuity. Avery failed to make some of the required payments to the employee's variable annuity and instead used the funds to pay her business expenses. She thereby made improper use of \$1,759.73 in customer funds.

FACTS AND VIOLATIVE CONDUCT

Beginning in October 2006, Respondent Avery employed MQ as an office assistant. On October 30, 2006, MQ opened a SIMPLE (Savings Incentive Match Plan for Employees of Small Employers) IRA account with the Firm and purchased a variable annuity contract from American Family Life Insurance Company. Avery and MQ agreed that 3% of MQ's salary would be deducted from her paychecks and that Avery would forward those funds to the Firm as premium contributions to MQ's variable annuity. From January 2007 until December 2009, the funds were deducted from MQ's salary from her paychecks as agreed.

Avery was required to forward each amount deducted from MQ's salary to the Firm no later than one business day after the deduction was made, but she did not consistently do so. Avery retained \$1,759.73 of the funds that had been deducted from MQ's salary in her business checking account and used them to pay her business expenses. Avery thereby made improper use of a customer's funds.

During the period from June 1, 2007, to December 28, 2007, \$479.58 was deducted from MQ's salary for contribution to her variable annuity. Avery retained those funds until January 18, 2008, when she paid \$414.48 to MQ's variable annuity; and February 12, 2008, when she paid an additional \$65.10.

In 2008, \$821.07 was deducted from MQ's salary for contribution to her variable annuity. In 2008, in addition to the amounts paid on January 18 and February 12 of funds deducted in 2007, Avery paid \$319.22 to MQ's variable annuity. At the end of 2008, Avery thus retained \$501.85 of the funds that had been deducted from MQ's salary in 2008.

During the period from January 1, 2009, until November 10, 2009, \$778.30 was deducted from MQ's salary for contribution to her variable annuity. During that period Avery made no payments to MQ's variable annuity.

MQ complained to the Firm regarding the amounts that were not contributed to her variable annuity. In February 2010 Avery reimbursed MQ for the amounts she had failed to contribute to her annuity, with interest.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2330(a) by Kerri Lynn Avery. During the period before December 15, 2008, such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Avery. During the period on and after December 15, 2008, such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of FINRA Rule 2010 by Respondent Avery.

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

Kerri Lynn Avery shall be barred from associating with any member of FINRA 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

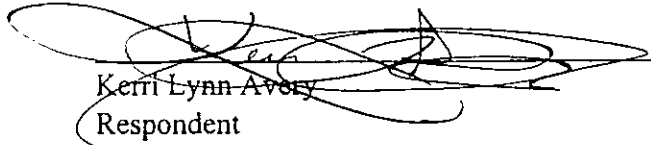
I understand that:

- 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.

9/18/2012
Date (mm/dd/yyyy)


Kerri Lynn Avery
Respondent

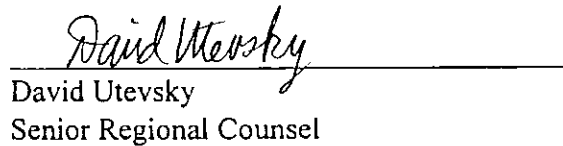
Reviewed by:

Attorney Name
Counsel for Respondent

Accepted by FINRA:

Oct. 1, 2012
Date

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


David Utevsky
Senior Regional Counsel

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