

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030966701**

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

RE: Daphne L. Lyons, Respondent
CRD No. 5923597

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 her 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

From May 13, 2011, to January 10, 2012, Daphne Lyons ("Lyons") was registered with Allstate Financial Services, LLC ("Allstate") and held Series 6 and 63 licenses. Allstate terminated Lyons' registration on January 10, 2012. Lyons is not currently associated with a FINRA registered firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the By-Laws.

OVERVIEW

Between September 1, 2011, and December 15, 2011, Lyons forged a customer's name on various documents in violation of FINRA Rule 2010. During that same period, Lyons also converted \$34,000 from the customer in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During the period September 1, 2011, through December 15, 2011, customer MB held various securities and other financial accounts with Allstate and Lyons

served those accounts as her representative. In or about October 2011, Lyons submitted a request to withdraw \$34,000 from customer MB's fixed annuity without MB's knowledge. Shortly thereafter, Lyons told MB that Lyons had mistakenly requested a withdrawal and that when the check came to MB, MB should let Lyons know. The annuity manufacturer issued the check and sent it to MB with a check dated November 11, 2011. When MB received the check, she contacted Lyons and Lyons came to pick it up. Lyons forged MB's signature on the \$34,000 check and converted the funds. A few days later, Customer MB contacted the annuity manufacturer to confirm the funds had been replaced, but learned they had not been. Shortly thereafter, on December 15, 2011, Lyons repaid the funds to MB.

In addition to forging MB's name on the distribution check, Lyons forged MB's signature on a W-9 Form (Request for Taxpayer Identification Number and Certification) dated September 6, 2011, and a Tax Withholding Form dated December 8, 2011.

By virtue of the foregoing, Lyons converted \$34,000 in customer funds in violation of FINRA Rule 2010 and forged a customer's name on various documents in violation of FINRA Rule 2010.

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

A bar from associating with any FINRA registered firm.

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).

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

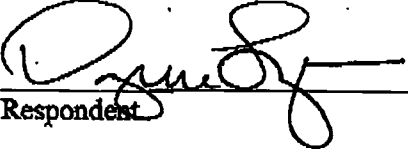
I understand that:

- 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: (i) testimonial obligations; or (ii) 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.

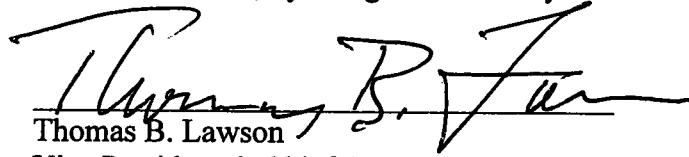
9/19/2013
Date (mm/dd/yyyy)


Respondent

Accepted by FINRA:

9/20/13
Date

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

A handwritten signature in black ink, appearing to read "Thomas B. Lawson", written over a horizontal line.

Thomas B. Lawson
Vice President & Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive
Suite 300
Rockville, MD 20850-3241