

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035820601**

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

RE: Tracy P. Holloway, Respondent
CRD No. 5777595

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Tracy P. Holloway 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 Holloway alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Holloway 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

Holloway registered with FINRA in 2010 as an Investment Company Products and Variable Contracts Limited Representative for State Farm VP Management Corp. (CRD No. 43036) ("State Farm VPM"). State Farm VPM terminated his registration on February 4, 2013. Holloway is not currently registered with a FINRA member, but FINRA retains jurisdiction over Holloway pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Holloway has no relevant disciplinary history.

OVERVIEW

While registered with State Farm VPM and an agent for State Farm Fire and Casualty Company ("State Farm Fire"), Holloway filed at least 17 fraudulent property insurance claims and converted \$50,947.56 in claims payments from State Farm Fire.

FACTS AND VIOLATIVE CONDUCT

Holloway opened a State Farm agency office in Greenville, North Carolina, in 2010. He served as an agent for State Farm Fire and a registered representative for State Farm VPM.

From 2011 to 2012, Holloway filed with State Farm Fire at least 17 fraudulent insurance claims under policies held by his customers. After filing each claim, Holloway issued a check drawn on a State Farm Fire account and payable to the customer. Holloway then deposited the check into his agency's bank account and retained the proceeds. Through this scheme, Holloway converted at least \$50,947.56 in claims payments from State Farm Fire.

In 2012, State Farm Fire began investigating Holloway after a customer inquired about a claim filed under his policy that he did not recognize. When State Farm Fire confronted Holloway about the claim, he admitted that he had submitted the claim, that it was fraudulent, and that he had submitted 16 other such fraudulent claims and retained the proceeds.

By filing fraudulent insurance claims and converting the proceeds from State Farm Fire, Holloway failed to "observe high standards of commercial honor and just and equitable principles of trade," and therefore violated FINRA Rule 2010.

B. Holloway consents to the imposition of the following sanctions:

- A bar from associating with any FINRA member in any capacity.

Holloway understands that if he is barred 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, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar (*see* FINRA Rules 8310 and 8311).

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

Holloway specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- (a) to have a Complaint issued specifying the allegations against him;
- (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, Holloway specifically and voluntarily waives 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.

Holloway further specifically and voluntarily waives 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

Holloway understands 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 Holloway; and
- (c) if accepted:
 - (1) this AWC will become part of Holloway’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Holloway;
 - (2) this AWC will be made available through FINRA’s public disclosure program in response to public inquiries about Holloway’s 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) Holloway 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. Holloway 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 Holloway's (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, Tracy P. Holloway, 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.

12-6-13
Date

Tracy P. Holloway
Tracy P. Holloway

Accepted by FINRA:

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

12/31/13
Date

James E. Day
James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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