

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2015047756801**

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

RE: Adam Canote, Respondent
CRD No. 6328833

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

Canote entered the securities industry in May 2014, when he became associated with State Farm VP Management Corp. (CRD No. 43036) ("State Farm Brokerage"). In July 2014, Canote registered with FINRA as an investment company shares and variable contracts representative. On October 31, 2015, State Farm Brokerage terminated its association with Canote and on November 5, 2015, FINRA terminated his registration. Since that time, Canote has not been associated with any FINRA member but he remains subject to FINRA's jurisdiction under Article V, Section 4 of FINRA's By-Laws until November 2, 2017.

RELEVANT DISCIPLINARY HISTORY

Canote does not have any relevant history of discipline.

OVERVIEW

Canote altered eleven documents and submitted them with applications for insurance to his employer. By doing so, he violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Canote's job included selling automobile insurance for State Farm Brokerage's affiliate State Farm Mutual Auto Insurance Co. ("State Farm Insurance"). State Farm Insurance's prices depended partly on whether an applicant had automobile insurance for the previous twelve months. Over several months in 2015, Canote submitted documents to State Farm Insurance which purportedly showed that eleven applicants were previously insured by another insurance company ("Insurer"). Canote created those documents by altering a declarations page for a policy that Insurer issued previously—Canote changed the policy's date and the policyholder's name, address, and vehicles, although Canote did not alter the policy's number or coverages.

State Farm Insurance discovered Canote's use of the altered declarations pages after an underwriter noticed inconsistencies in one of Canote's applications—the altered declarations page accompanying the application contained different typefaces, did not list the applicant as the policyholder, and stated that the applicant had a twelve-month policy although Insurer only issues six-month policies.

FINRA Rule 2010 provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade" and also applies to people who are associated with a member. That rule prohibits all misconduct that "reflects on [an] associated person's ability to comply with the regulatory requirements of the securities business"¹, which includes altering documents—even if they are not directly related to securities. By altering eleven documents relating to his business as an insurance salesperson and submitting them to State Farm Insurance, Canote violated FINRA Rule 2010.

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

Suspension of three months
Fine of \$5,000

I understand that if I am 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 suspension (see FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory

¹ *In re Wiley*, Exch. Act. Rel. 76558, 2015 SEC 4952, *15 (Dec. 4, 2015).

disqualification resulting from this or any other event or proceeding, whichever is earlier. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

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 Chief Legal Officer, 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:

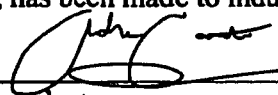
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public 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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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.

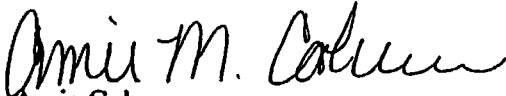
08/10/2016

Date (mm/dd/yyyy)



Respondent

Reviewed by:



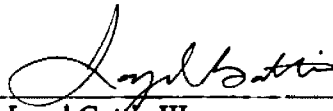
Amie Coleman
Carson & Coil, P.C.
515 East High Street
Jefferson City, Missouri 65101
573-636-2177

Attorney for Respondent

Accepted by FINRA:

8/31/16
Date

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



J. Loyd Gattis III
Principal Regional Counsel
FINRA Department of Enforcement
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Kansas City, Missouri 64105
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