

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066414701**

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

RE: Lucas Mandon King (Respondent)
Former Investment Company Shares and Variable Contracts Representative
CRD No. 6424176

Pursuant to FINRA Rule 9216, 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

King registered through State Farm VP Management Corp. as an Investment Company Products/Variable Contracts Representative in August 2015. Throughout his tenure with State Farm, he also was an agent of the firm's affiliate, State Farm Mutual Automobile Insurance Company (SFMAIC). King's registration was terminated in June 2020. Although King is not currently associated with a member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA's By-Laws. King does not have any relevant disciplinary history.

OVERVIEW

Between October 21, 2019 and December 30, 2019, while registered as an Investment Company Products/Variable Contracts Representative through State Farm, and dually employed as an agent with the firm's insurance affiliate, SFMAIC, King converted \$7,083.97 in insurance premiums for his personal use and benefit in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated in June 2020, when State Farm filed a Form 4530 with FINRA disclosing that King had been suspended due to concerns over his handling of funds in his premium fund account.

FINRA Rule 2010 requires all associated persons to observe high standards of commercial honor and just and equitable principles of trade. Conversion is an intentional and unauthorized taking of and/or exercise of ownership over property by one who neither owns the property nor is entitled to possess it. Conversion violates FINRA Rule 2010 even if the conversion occurs outside the scope of a registered representative's employment with a FINRA member because it constitutes unethical business-related conduct and calls into question the representative's ability to fulfill his fiduciary duties in handling other people's money.

During the time King was registered with FINRA through the firm, he also was appointed a State Farm Insurance Agent and sold insurance products offered by the firm's insurance affiliate, SFMAIC. King was required by SFMAIC to maintain a premium fund account at a bank into which he was required to deposit insurance customers' premium payments. The funds in the premium fund account, however, belonged to SFMAIC and not to King. Further, although King maintained control over the premium fund account, SFMAIC's policies prohibited him from using the deposited funds for any purpose other than paying designated insurance premiums.

Beginning on October 21, 2019, King failed to deposit certain premium payments into the premium fund account, totaling \$7,083.97. Instead, King intentionally and without authority used those funds for his own personal use and benefit to satisfy other business expenses. King only deposited the missing funds on December 30, 2019, after SFMAIC discovered that he had not deposited the premiums into the premium fund account and questioned him. Additionally, King initially lied to SFMAIC, claiming that he had lost the premiums when, in fact, he had used the funds for his own personal use to pay his office staff.

Therefore, King violated FINRA Rule 2010.

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

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

Respondent 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, he 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 in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent specifically and voluntarily waives 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 its acceptance or rejection.

Respondent 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

Respondent 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 Respondent; and
- C. If accepted:
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 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 its subject matter in accordance with FINRA Rule 8313; and
 4. Respondent 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. Respondent 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

November 4, 2020

Date

Lucas Mandon King

Lucas Mandon King
Respondent

Accepted by FINRA:

November 5, 2020

Date

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

Alexander Feldman

Alex Feldman
Principal Counsel
FINRA
Department of Enforcement
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New York, New York 10281