

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

**KEILEN DIMONE WILEY
(CRD No. 4259612),**

Respondent.

**DISCIPLINARY PROCEEDING
No. 2011028061001**

HEARING OFFICER:

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Respondent Keilen Dimone Wiley ("Wiley") collected approximately \$6,500 in property and casualty insurance premiums from insurance customers, deposited the funds in undisclosed personal and business accounts, and then used the funds for his own personal and business use.
2. Wiley violated FINRA Rule 2010 (Just and Equitable Principles of Trade) by converting customer insurance premiums for his own use.
3. Although Wiley initially admitted to using customer funds for his own use during a company audit and in a subsequent written statement, Wiley later claimed during his on-the-record testimony that he did not convert the insurance premiums for his own use. Wiley's testimony was false and misleading.

4. Wiley violated FINRA Rules 8210 (Requirement to Provide Information and Testimony) and 2010 by providing false and misleading testimony to FINRA.

RESPONDENT AND JURISDICTION

5. In August 2000, Wiley first became registered with FINRA as an Investment Company and Variable Contracts Products Representative (Series 6) through a FINRA member firm. In April 2002, he became registered with Farmers Financial Solutions, LLC (“Farmers Financial”), a FINRA member firm. While at Farmers Financial, Wiley was an insurance agent of Farmers Insurance Group (“Farmers Insurance”), an affiliate of Farmers Financial, doing business as Wiley Insurance Agency (“WIA”) and Associates.

6. Farmers Financial terminated Wiley’s registration with FINRA by filing a Uniform Termination Notice for Securities Industry Registration (Form U5) on June 7, 2011. Wiley has not been associated with any FINRA regulated firm since his termination from Farmers Financial on June 7, 2011.

7. Although Wiley is no longer registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4(a) of FINRA’s By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Wiley’s registration with Farmers Financial, namely, June 7, 2011, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with failing to truthfully respond to FINRA requests for information during on-the-record testimony during the two-year period after he ceased to be registered or associated with a FINRA member.

FIRST CAUSE OF ACTION
Conversion of Customer Insurance Premiums
(Violation of FINRA Rule 2010)

8. The Department re-alleges and incorporates by reference paragraphs 1 through 7, above.

9. From the beginning of his employment with Farmers Insurance, Wiley was required to follow Farmers Insurance's rules and manuals and to promptly remit customer insurance premium payments to Farmers Insurance.

10. Farmers Insurance's rules and manuals required Wiley to enter information about premium payments collected from insurance policy holders into the Agent's Credit Advice ("ACA") banking program and deposit the collected funds promptly (within 24 hours) into a co-banking account set up and maintained by Farmers Insurance for such payments. Wiley was an account holder on the co-banking account with permission to make deposits but not withdrawals.

11. Throughout approximately March 2011 through April 2011 (the "relevant period"), Wiley collected approximately \$6,500 in premium payments from approximately 42 insurance customers.

12. Wiley did not deposit the insurance premium payments into the co-banking account as required.

13. Rather, he deposited the premium payments into one of three undisclosed personal and business accounts he established and controlled at JP Morgan Chase. Wiley used the premium payments collected from insurance customers for his own use.

14. On or about May 2, 2011, Farmers Insurance deposited Wiley's commission check in the amount of \$8,079.04 into one of Wiley's business accounts.

15. Wiley then used the money from his commission check to repay the outstanding insurance premium amounts owed to Farmers Insurance. Wiley wrote a check for \$1,690.64 from one of his business accounts and deposited it on or about May 2, 2011 into the co-banking account. He later wrote a second check for \$1,954.52 from that same account and deposited it on or about May 6, 2011 into the co-banking account. He subsequently withdrew \$2,250.94 in cash from the same business account on or about May 9, 2011 and deposited that amount into the co-banking account the same day.

16. On May 11, 2011, Wiley's manager and an internal auditor from Farmers Insurance came to Wiley's office to investigate delayed deposits of customer insurance premiums into the co-banking account. During the audit, Wiley admitted that he had delayed depositing customer insurance premiums and had used those funds for personal and business expenses. Wiley also signed a written statement at the conclusion of the audit admitting, among other things, that, "As time went on, I needed funds for the WIA and Associates bank account and delayed depositing the insureds' cash collections to the company cobanking account by a month or more." As Wiley further explained, "[C]ustomer collections did end up being used to pay for my personal and business expenses."

17. The next day, in a written follow-up statement to his manager, Wiley again admitted that he used customer premiums to pay his mounting personal and business expenses. To justify his behavior, Wiley stated that "allow[ing] customer payment to be deposited in my CHASE business account – 2418 was forced by several factors," listing among other things, his "bitter" divorce, loss of house, on-going business expenses, "shot" credit and creditors demanding monthly payments. He also admitted, "I started using customer payment and

repaying Farmers later It was a risk I was willing to take. Why? Because I had to keep the business going.”

18. As a result of the foregoing, Wiley improperly converted customer insurance premiums, thereby violating FINRA Rule 2010.

SECOND CAUSE OF ACTION
Providing False and Misleading Testimony to FINRA
(Violations of FINRA Rules 8210 and 2010)

19. The Department re-alleges and incorporates by reference paragraphs 1 through 18, above.

20. Wiley provided sworn testimony to FINRA on May 10, 2012 pursuant to a request for his testimony pursuant to FINRA Rule 8210. At the onset of his testimony, Wiley was reminded of, and he acknowledged, his obligation, pursuant to FINRA Rule 8210, to answer questions “fully, accurately, and truthfully.”

21. During his testimony on May 10, 2012, Wiley denied using customer insurance premiums for personal and business use. This testimony was false and misleading.

22. By providing false and misleading testimony, Wiley violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent Wiley committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided pursuant to FINRA Rule 8310(a), including monetary sanctions, be imposed; and

- C. order that Respondent Wiley bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: February 13, 2013



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