

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: STATE FARM VP
MANAGEMENT CORP.

FILE NO. C1300127

NOTICE OF HEARING

TO THE RESPONDENT: State Farm VP Management Corp.
 Attn: Thomas Loftus, CCO
 One State Farm Plaza
 Bloomington, Illinois 61710-0001

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 25th day of September, 2013 at the hour of 10:00 a.m. or as soon as possible thereafter, before Canella Henrichs. or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an order shall be entered suspending or revoking State Farm VP Management Corporation's (the "Respondent") registration as a dealer in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. State Farm VP Management Corp. ("State Farm") is a broker-dealer that is registered with the State of Illinois Securities Department (the "Department") as an entity engaged in the business of offering, selling or otherwise engaging in the dealing of trading of securities.
2. That at all relevant times, the Respondent State Farm was registered with the Secretary of State as a broker-dealer in the State of Illinois pursuant to Section 8 of the Act.
3. That on December 31, 2012 FINRA entered Acceptance, Waiver & Consent ("AWC" or "Order") submitted by the Respondent State Farm regarding Disciplinary Proceeding No. 2011029102801 which sanctioned the Respondent State Farm as follows:

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- a) a censure; and
- b) a fine of \$155,000

4. That the Order found:

NASD Rules 3010(a)(1) and (b)(1), 2010: From January 1, 2009 through June 30, 2011, State Farm failed to implement and maintain adequate supervisory systems and procedures to monitor and ensure the timely delivery of mutual fund prospectuses, as required by Section 5(b)(2) of the Securities Act of 1933 (the Securities Act). This failure violated NASD Conduct Rule 3010(a)(1) and (b)(1), which also constitutes a violation of FINRA Rule 2010.

From 2001 through August 2012 State Farm failed to enforce its procedures requiring delivery of updated prospectuses to certain mutual fund holders. This failure violated NASD Conduct Rule 3010(b)(1), which also constitutes a violation of FINRA Rule 2010 and NASD Rule 2110.

From July 20, 2009 through March 20, 2011, State Farm failed to implement a supervisory system and procedures reasonably designed to review, monitor and retain email sent by registered representatives to customers in contravention of NASD Rule 3010(a), (b) and (d)(1), and FINRA Rule 2010.

- 5. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a Dealer may be revoked if the Secretary of State finds that such Dealer has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
- 6. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
- 7. That by virtue of the foregoing, the Respondent's registration as a Dealer in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence, may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

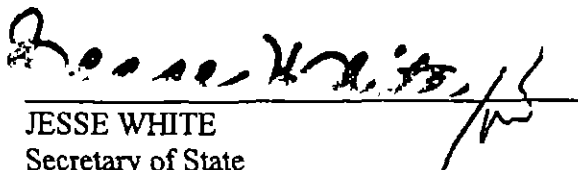
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A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 30th day of July 2013.



JESSE WHITE
Secretary of State
State of Illinois

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Hearing Officer:
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