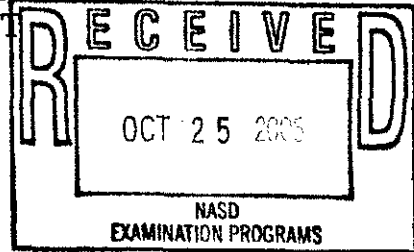


**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
MARKET REGULATION DEPARTMENT**



TO: Market Regulation Department
NASD

RE: William Malloy (CRD 1492864)

Pursuant to Rule 9216 of the NASD Code of Procedure, William Malloy ("Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against Respondent alleging violations based on the same factual findings.

Respondent understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and the National Adjudicatory Council ("NAC"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by the NASD against him;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Respondent's testimonial obligations or right to take legal positions in litigation in which NASD is not a party.

Respondent also understands that his experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and relevant history are as follows:

Respondent first became registered in the securities business in approximately January 1985. Since that time he has been associated with seven member firms. From approximately October 2000 through September 2004, he was a registered General Securities Representative of Delta Asset Management Co., LLC ("Delta"), a member firm. Respondent became a registered General Securities Principal with Delta in January 2001, and served as the firm's Compliance Officer from approximately November 2001 through January 2003. He has no relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under the NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against him;
- B. To be notified of the Formal 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 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 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.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, without admitting or denying the allegations, and solely for the purposes of this proceeding and any other proceeding in which NASD is a party, to the entry of the following findings:
- Respondent served as Delta's Compliance Officer from approximately November 2001 through January 2003. In accepting the position, he assumed personal responsibility for many of the firm's routine compliance functions even though he was working from a remote, one-person office in North Carolina and did not have ready access to certain trading records and personnel located in Delta's main office in New York. As a result, Respondent failed to perform branch audits and did not conduct regular compliance reviews of trading activity in customer accounts as called for in the firm's written supervisory procedures, in violation of NASD Conduct Rules 2110 and 3010.
- B. Respondent also consents to the imposition, at a maximum, of the following sanctions:
- Respondent shall be permanently barred from acting as a principal or supervisor with any member firm.

The bar shall become effective upon acceptance of this Letter of Acceptance, Waiver and Consent by the National Adjudicatory Council.

III.**OTHER MATTERS**

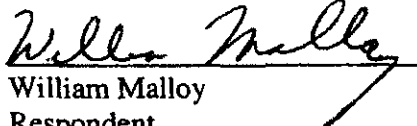
- A. Respondent understands that he may attach a Corrective Action Statement to this AWC, which is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD nor does it reflect the views of NASD or its staff.
- B. Respondent understands that if he is barred or suspended from association with any NASD member, he becomes subject to a statutory disqualification, as that term is defined in Section 3(a) (39) of the Securities Exchange Act of 1934, as amended. Accordingly, he may not be associated with any NASD member in any

capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1).

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce him to submit it.

Date:

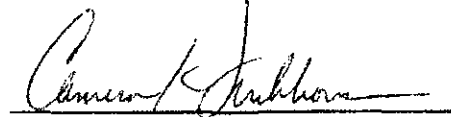
10/21/05


William Malloy
Respondent

Accepted by NASD:

9/19/06

Date:


Cameron K. Funkhouser
Senior Vice President
Market Regulation Department

By authority delegated from the
Director of NASD's Office of
Disciplinary Affairs