

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050005902-01

To: Department of Enforcement
NASD

Re: Grant J. Vermillion
General Securities Representative
(CRD No. 4572722)

Pursuant to Rule 9216 of the NASD Code of Procedure, I, Grant J. Vermillion (Vermillion), submit 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 me alleging violations based on the same factual findings.

I understand 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 Enforcement and the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my 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. 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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 history are as follows:

Vermillion entered the securities industry in August 2002. From August 9, 2002 through May 14, 2004, Vermillion was associated with NASD member American Express Financial Advisors, Inc. (AEFA) as a sales representative and was registered with NASD as a general securities representative.

Vermillion is not currently associated with any NASD member or registered with NASD in any capacity. However, NASD retains jurisdiction over Vermillion pursuant to Article V, Section 4 of NASD By-Laws. Vermillion has not been the subject of prior formal disciplinary action by NASD.

I. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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.

Furthermore, I specifically and voluntarily waive 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.

In addition, I specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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. I hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

Outside Business Activities **NASD Conduct Rules 2110 and 3030**

1. On or about February 13, 2004, while employed by NASD member firm AEFA, Vermillion sold an equity-indexed annuity to customers C.&A.A. This sale was made outside the scope of Vermillion's employment. Vermillion received compensation for this sale. Prior to the sale, AEFA denied permission to Vermillion to sell the equity-indexed annuity. Vermillion, nevertheless, proceeded to sell the equity-indexed annuity anyway.
 2. Vermillion conducted the above transaction without providing prompt written notice to AEFA.
 3. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3030 on the part of Vermillion.
- B. I also consent to the imposition, at a maximum, of the following sanctions:
1. a suspension from associating with any NASD member firm, in any and all capacities, for a period of 30 days; and
 2. a fine of \$10,000, which includes the disgorgement of commissions received of \$2,330.94. The fine shall be due and payable prior to reassociation with a member firm following the 30-day suspension.

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

III. OTHER MATTERS

- A. I understand that 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 NASD, nor does it reflect the views of NASD or its staff.
- B. I agree to pay any monetary sanctions imposed on me upon reentry as noted above.
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. I understand that if I am barred or suspended from associating with any NASD member, I become 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, I 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).

8/08/06
Date


GRANT J. VERMILLION

Reviewed by:

Counsel for Grant J. Vermillion

Accepted by NASD:

August 25, 2005
Date

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



Jeffrey A. Ziesman, Regional Counsel
NASD District Director

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