

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050013646

TO: Department of Enforcement
NASD

RE: Robert Allen Frost, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 1067640

Pursuant to Rule 9216 of NASD Code of Procedure, I, Robert Allen Frost ("Frost") 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 National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), 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 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 finding 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:

Frost entered the securities industry on or about June 4, 1987. From on or about November 29, 2000 through November 8, 2004, Frost was associated with NASD member, IFMG Securities, Inc. ("IFMG"), as an Investment Company Product/Variable Contracts Representative. He has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

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.

Further, 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.

I further specifically and voluntarily waive 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. I hereby accept and consent, without admitting or denying the 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:

1. NASD Conduct Rules 2110 and 3030

From in or about January through November 2004, without providing prompt written notice to IFMG, Frost sold equity index annuities to public customers and received compensation of approximately \$173,185 in connection therewith, through agencies that were not associated with or approved by IFMG.

By reason of the foregoing, Frost violated NASD Conduct Rules 3030 and 2110.

2. NASD Conduct Rule 2110

In or about March 2004, Frost maintained a desk in a local bank, through which he met public customer E.C.R. Frost represented to E.C.R. that Frost was a salaried bank employee. "Frost failed to disclose to E.C.R. that he was a registered representative with IFMG and received transaction-based commissions.

By reason of the foregoing, Frost violated NASD Conduct Rule 2110.

3. NASD Conduct Rules 2110 and 2310

In or about July 2004, Frost recommended that customer E.C.R. liquidate a municipal mutual fund holding in the approximate amount of \$518,989, and reinvest the proceeds in an equity index annuity. At the time, E.C.R. was 75 years old and her investment objectives were safety and liquidity. Frost did not have a reasonable basis for believing this transaction was suitable for customer E.C.R. based upon her age, financial objectives, situation, and needs.

By reason of the foregoing, Frost violated NASD Conduct Rules 2110 and 2310.

4. NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

Frost failed to respond fully and timely to requests for information issued pursuant to NASD Procedural Rule 8210 and dated December 20, 2005; January 10, 2006; and January 25, 2006.

By reason of the foregoing, Frost violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

B. I also consent to the imposition, at a maximum, of the following sanction:

A bar from association with any NASD member in any capacity.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

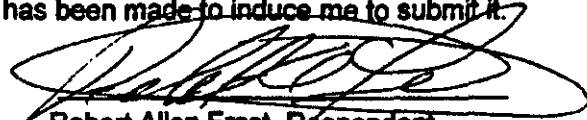
III.

OTHER MATTERS

A. 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.)

I certify that I have read and understand all of the provisions of this AWC and have 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 me to submit it.

7-23-06
Date


Robert Allen Frost, Respondent

Accepted by NASD:

Jan. 8, 2007
Date

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


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