

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005002351201

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: John Shalvey, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 1916061

Pursuant to Rule 9216 of NASD Code of Procedure, I, John Shalvey, 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:

On February 7, 1989, Shalvey entered the securities industry as an Investment Company Products/Variable Contracts Representative of a NASD member. On April 12, 1995, Shalvey became an Investment Company Products/Variable Contracts Principal. Between July 5, 1995 and October 26, 2005, Shalvey was registered in these capacities with The Investment Center, Inc., a NASD member firm. Shalvey is not currently registered with any NASD members. Shalvey has no disciplinary history.

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:

Accounts with Other Members

On July 29, 2004 and October 3, 2005, while registered with The Investment Center, Inc., Shalvey opened 2 securities accounts with a different member of NASD. Shalvey did not notify The Investment Center, Inc. or the other member, in writing, of his association with each member, prior to opening these accounts. This conduct constitutes violations of NASD Conduct Rules 3050(c) and 2110.

Sharing in Accounts

Between July 29, 2004 and October 26, 2005, Shalvey directly shared in the profits and losses of a securities account with 5 customers of his employing member firm by opening a securities account at a different member firm that was funded by him and the 5 customers. Shalvey then engaged in securities trading in the account with the expectation that he would share in the anticipated profits (and losses) with the customers. Shalvey did not receive prior written authorization from the customers or from his employing firm for this sharing arrangement. This conduct constitutes violations of NASD Conduct Rules 2330(f) and 2110.

Falsification of Records

On January 7, 2005, Shalvey knowingly placed false information on an annual compliance questionnaire used by his firm. On the form, Shalvey falsely claimed that he did not maintain any securities accounts away from his firm and also claimed that he did not share in the profits or losses of an account with any customers. In fact, Shalvey opened a securities account at a different NASD member firm that he funded with his own funds and funds he obtained from 5 customers in order to engage in stock trades for himself and customers of his employing firm. Shalvey opened this account away from his firm because he did not have the necessary licenses to trade equities for customers.

On July 29, 2004 and October 3, 2005, Shalvey knowingly placed false information on official forms of a different NASD member firm when he completed 2 sets of new account forms. Shalvey falsely claimed that he was not associated with any NASD members and intentionally concealed the true beneficial ownership of the accounts by failing to divulge that other individuals were partially funding the accounts. This conduct constitutes falsification of

records, which violates NASD Conduct Rule 2110.

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

A bar from association with any member of NASD 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.)

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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.

7/19/2007

Date

John Shalvey
John Shalvey

Reviewed by:

Attorney Name (if any)
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by NASD:

9.17.07

Date

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

UnBo Chung
UnBo Chung
NASD Senior Regional Attorney
55 West Monroe Street, Suite 2700
Chicago, IL 60603-5052
(312) 899-4641

**NASD Senior Vice President and District
Director**

Carlotta A. Romano
NASD, District 8
55 West Monroe Street
Suite 2700
Chicago, IL 60603
(312) 899-4324