

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. #

20050630485-01

TO: Department of Enforcement
NASD

RE: John J. Heyrich, III ("Heyrich")
(CRD No. 5033079)

Pursuant to Rule 9216 of NASD Code of Procedure, John J. Heyrich III ("Heyrich") 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 Heyrich alleging violations based on the same factual findings.

Heyrich 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 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, his submission will not be used as evidence to prove any of the allegations against Heyrich; and
3. If accepted:
 - a. this AWC will become part of Heyrich's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Heyrich;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Heyrich'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. Heyrich 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 Heyrich's

testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Heyrich 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 history are as follows:

Heyrich first became associated with NASD member firm, Northwestern Mutual Investment Services ("Northwestern")(BD No. 2881) in August 2005 in a non-registered capacity. Heyrich's employment with Northwestern was terminated in October 2005. He was then registered with another NASD member firm as a General Securities Representative from December 2005 through April 2006. Heyrich is no longer employed in the securities industry. Heyrich does not have any relevant disciplinary history with NASD or any other self-regulatory organization, the U.S. Securities and Exchange Commission, or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

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

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

Heyrich 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 his acceptance or rejection.

II.

ACCEPTANCE AND CONSENT

- A. Heyrich hereby accepts and consents, 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) In August 2005, while associated with Northwestern, Heyrich willfully failed to disclose on Northwestern's employment application, the material facts that he had been arrested, charged, pled guilty or been convicted of any crime when, in fact, he had been arrested for, charged with, pled guilty to and been convicted of numerous crimes in the State of South Carolina between August 2001 and October 2004. By reason of the foregoing, Heyrich violated NASD Conduct Rule 2110.
- (2) In September 2005, while associated with Northwestern, Heyrich willfully failed to disclose on his Uniform Application for Securities Industry Registration or Transfer ("Form U-4") filed with NASD the material facts that he (i) had been charged with a misdemeanor involving the wrongful taking of property in the State of South Carolina on September 22, 2004, and (ii) been convicted of a misdemeanor involving the wrongful taking of property in the State of South Carolina on October 13, 2004. By reason of the foregoing, Heyrich acted in contravention of Article V, Section 2 of NASD's By-Laws and violated NASD Conduct Rule 2110.

- B. Heyrich also consents to the imposition, at a maximum, of the following sanctions:

- A bar from associating with any member firm in any capacity.

Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

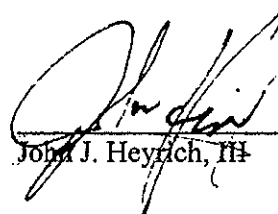
III.

OTHER MATTERS

- A. Respondent understands that if he is barred or suspended from associating 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.)
- B. Respondent also understands that this settlement includes a finding that in or about September 2005, he willfully failed to disclose material facts on a Form U-4, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4(f) of the NASD By-Laws, these nondisclosures makes him subject to a statutory disqualification with respect to association with a member.

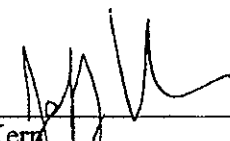
Heyrich certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce Heyrich to submit this AWC.

11/06/06
Date


John J. Heyrich, III

Accepted by NASD:

2/28/07
Date


Jeff Kern
Regional Counsel
NASD-District 10
Department of Enforcement

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

NASD District Director
Hans Reich
NASD, District 10
One Liberty Plaza
New York, New York 10006