

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003897501

TO: Department of Enforcement
NASD

RE: Victoria C. Smotherman
Registered Representative
(CRD No. 4479059)

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

Victoria C. Smotherman entered the securities industry in July 2002 as a General Securities Representative with an NASD member. She was registered in the same capacity with Chase Investment Services, Inc. ("Member"), a member of NASD, between July 2005 and January 2006. Smotherman is not currently registered with any other NASD member and she 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:

1. In or about July 2005, while attempting to influence public customer T.B. to purchase shares of a mutual fund, i.e. the Eaton Vance Ohio Municipal Securities Fund, Smotherman told T.B. that there would be no fees or loads in connection with the purchase or sale of the mutual fund, that T.B.'s initial investment principal was guaranteed, and that the mutual fund guaranteed interest payments of at least 5%. On or about August 31, 2005, T.B. purchased the mutual fund.
2. In or about July 2005, while attempting to influence public customers B.O. and E.O. to purchase shares of a mutual fund, i.e. the Eaton Vance Ohio Municipal Securities Fund, Smotherman told the customers that there would be no fees or loads in connection with the purchase or sale of the mutual fund, that T.B.'s initial investment principal was guaranteed, and that the mutual fund guaranteed interest payments of at least 5%. On or about July 15, 2005, B.O. and E.O. purchased the mutual fund.
3. In fact, the Eaton Vance Ohio Municipal Securities Fund had a front-end sales load, the investment principal was not guaranteed, and there was no guaranteed interest payment of any amount.
4. In or about January 2005, while attempting to influence public customer P.H. to purchase shares a Pacific Life Portfolio Variable Annuity, Smotherman told P.H. that there would be no fees in connection with the purchase or sale of the annuity, that P.H.'s initial investment principal was guaranteed, and that the mutual fund guaranteed interest payments of at least 6%, regardless if S.H. withdrew monies from the annuity. On or about January 28, 2005, P.H. purchased the variable annuity.
5. In fact, the Pacific Life Portfolio Variable Annuity charged a withdrawal fee for any monies withdrawn from the annuity within the first six years of purchasing the annuity, the investment principal was not guaranteed, and the annuity guaranteed 6% interest for 6 years on the initial balance, but only if no money is withdrawn from the contract, a fact that Smotherman omitted to

mention while selling the annuity to P.H.

6. The acts, practices and conduct described above constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2110 and 2120.

- B. I also consent to the imposition, at a maximum, of the sanction of a bar from association with any member of the 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 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 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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23/05/2007
Date

3.22.07
Date

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