

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006005693601

TO: Department of Enforcement
NASD

RE: Bruce Bullock, Respondent
CRD No. 1568368

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REGISTRATION & DISCLOSURE

Pursuant to Rule 9216 of NASD Code of Procedure, Bruce Bullock 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 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 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.

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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:

Bruce Bullock was a registered representative with Veritrust Financial LLC from April 22, 2002 until January 10, 2007. He is also employed through Bullock & Associates Financial Consulting as a financial planner, is an attorney, and sells insurance as an outside business activity unrelated to his relationship with Veritrust Financial, using the name Senior Financial Resources. Bullock has no prior disciplinary history. Prior to becoming associated with Veritrust Financial, Bullock was associated with two other member firms since 1986.

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 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:
1. From about April 2005 through July 2006, Bullock held approximately thirty seminars, for a total of approximately 600 attendees, to promote the sale of equity indexed annuities and fixed annuities to retirees. During the period April 2005 to March 2006, he promoted those seminars through the use of invitations, and used a presentation at the seminars which contained unwarranted, misleading, unsubstantiated, and promissory statements, including false assurances of riskless investing and guarantees that the retirees would never run out of money.
 2. The invitations used by Bullock, which were sent to thousands of individuals, included claims and assertions that violated the requirements of Conduct Rule 2210(d), as follows:
 - The invitation used during April 2005 to March 2006 included the following: "This workshop, titled 'The Safety of Principal Plus Interest' will provide you with the information designed to make certain you do not lose money or run out of money during retirement." However, the invitations clearly indicated that the seminar concerned investments. The use of the word "safety" was unwarranted, as risk is inherent in every investment, and the use of that term violated Conduct Rule 2210(d)(1)(B).
 - The invitation used during April 2005 to March 2006 included the following: "Advanced planning designed to make certain you do not lose money, help you increase your monthly income, make certain you never diminish your original investment principal, and significantly reduce your taxes – simultaneously." (Emphasis in original). These claims were promissory and unsubstantiated and failed to reflect the inherent uncertainty of investment returns, rendering them unwarranted and misleading, in violation of Conduct Rule 2210(d)(1)(B). In addition, they failed to provide a sound basis for evaluating the facts, in violation of Conduct Rule 2210(d)(1)(A).
 - The invitation used during April 2005 to August 2005 included the following: "A new type of fixed annuity designed to increase monthly income up to 60%." This statement was promissory and failed to reflect

the inherent uncertainty of investment returns, rendering them unwarranted and misleading, in violation of Conduct Rule 2210(d)(1)(B).

3. Some of the invitations, which identified Bullock as "a registered representative of Veritrust Financial, member NASD, SIPC," also stated:

Since 1979, Bruce Bullock has been a well-known attorney and advisor to thousands of California retirees.... Over 6000 Californians have used Bruce's advice to increase their incomes as much as 50% while lowering their taxes 30% at the same time. Bruce will discuss some of the risks retirees can avoid to be certain their assets last their lifetime. He will show little-known strategies that have allowed thousands of seniors to retire and enjoy more income than they had while working.

In fact, the 50% and 30% figures had been reversed and were not accurate. By Bullock's own calculations, incomes had gone up as much as 30%, not by 50%, and taxes had gone down 50%. In addition, these numbers were based on Bullock's own general estimates and had not been determined with any degree of accuracy. The statements were thus unsubstantiated, rendering them unwarranted, in violation of Conduct Rule 2210(d)(1)(B), and failed to provide a sound basis for evaluating the facts, in violation of Conduct Rule 2210(d)(1)(A).

4. The statements made in the invitation and quoted in paragraph 3 above were also not applicable to the senior citizens being targeted by Bullock for the seminars. They represented results Bullock had obtained for certain non-retired educators who were eligible for special tax treatment and who had access to the pension system for educators in California. The invitation therefore failed to provide a sound basis for evaluating the facts, in violation of Conduct Rule 2210(d)(1)(A).
5. Bullock also used a presentation at his seminars during the period April 2005 to March 2006 that contained slides with numerous statements and omissions which violated Conduct Rule 2210(d). These included the following:
- The presentation was entitled "Safety of Principal Plus Interest." The promise of "safety" through investments in fixed and equity indexed annuities was unwarranted in violation of NASD Rule 2210(d)(1)(B).
 - The seminar presentation claimed: "We design portfolios where an individual can never lose any money and never run out of money, have income adjusted to inflation, growth without risk." These claims were promissory and unsubstantiated and failed to reflect the inherent uncertainty of investment returns, rendering them unwarranted and misleading, in violation of Conduct Rule 2210(d)(1)(B). In addition, they

failed to provide a sound basis for evaluating the facts, in violation of Conduct Rule 2210(d)(1)(A).

- The presentation promised “higher gains” and represented that the customer could “participate in the ‘upside’ of the stock market long-term without the risk of loss,” calling it a “win-win scenario.” These statements were promissory, unwarranted and misleading, in violation of Conduct Rule 2210(d)(1)(B). In addition, they failed to disclose that any upside participation was capped and not equal to the market growth, in violation of the requirement for providing a sound basis for evaluating the facts contained in Conduct Rule 2210(d)(1)(A).
- The presentation also made numerous other claims that were unwarranted or misleading, including claims that were unsubstantiated or promissory or that failed to reflect the inherent uncertainty of investment returns in violation of Conduct Rule 2210(d)(1)(B), such as “We ... can make sure you never run out of money, never lose any money...” “It’s time for the safety of tax-deferred fixed annuities!”, “Why not insure your stock market investments?”, “Growth without risk”, and “Heads you win, tails you break even.”
- The seminar presentation also included three incomplete comparisons of fixed annuities to alternative investments: two comparisons to bank certificates of deposit and one to investment property. These comparisons failed to disclose the material differences between the investments, in violation of Conduct Rule 2210(d)(2)(B). In addition, one comparison overstated the similarity between an real estate investment and a fixed annuity and included a bar chart-style graphic that exaggerated the growth in value of the fixed annuity, in violation of Conduct Rule 2210(d)(1)(B).
- The seminar presentation repeatedly focused on the potential benefits of annuities without disclosing the material risk that guarantees are backed by, and only as good as, the claims-paying ability of the issuing insurance company. Further, the presentation failed to discuss annuity surrender charges, early withdrawal penalties, possible interest forfeitures, and participation rates and caps that result in returns lower than market gains. These were material omissions that rendered the communication misleading, in violation of Conduct Rule 2210(d)(1)(A).

The foregoing acts, practices and conduct constitute separate and distinct violations of Conduct Rules 2110, 2210(d)(1)(A), and 2210(d)(1)(B) by Bullock.

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

- 1 A fine of \$10,000; and

2. a suspension from associating with any NASD member firm, in any and all capacities, for a period of twenty business days.

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

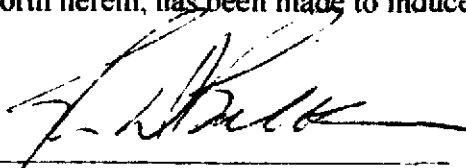
III.

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 notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. I specifically and voluntarily waive any right to claim that it is 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.)

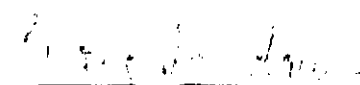
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

7/27/07
Date



Bruce Bullock

Reviewed by:


Anthony Djinis
Craig Landauer
Pickard & Djinis
Counsel for Respondent

Accepted by NASD:

Aug. 27, 2007
Date

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



Thomas B. Lawson
Chief Counsel
NASD Department of Enforcement
1801 K St., N.W.
Washington, DC 20006