

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006007105102**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: SunTrust Investment Services, Inc.
(CRD No. 17499)
and
Donald A. Mattran, Jr.
(CRD No. 2342760)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, SunTrust Investment Services, Inc. ("STIS" or "the firm") and Donald A. Mattran, Jr. ("Mattran") (collectively "Respondents") submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

SunTrust Investment Services, Inc., headquartered in Atlanta, has been a member of FINRA since 1986. It employs more than 2,000 registered representatives in over 1,700 branches, predominately branches of a bank affiliate, SunTrust Bank.

Donald A. Mattran, Jr. became registered as a General Securities Representative and General Securities Principal with NASD in August 1993. He became registered as a Municipal Securities Representative (Series 52) in March 1996 and as a Municipal Securities Principal (Series 53) in September 1996. Mattran was registered as a General Securities Representative, General Securities Principal, Municipal Securities Representative, and Municipal Securities Principal with STIS from May 26, 2000, and as an Options Principal with STIS from January 1, 2005, until May 24, 2010. He is not currently registered or associated with any FINRA member.

Between February 2004 and December 2005, Mattran, as the Regional Manager of STIS's Maryland Region, was responsible for reviewing and, where appropriate, approving the transactions of all brokers assigned to the Region.

RELEVANT DISCIPLINARY HISTORY

On May 17, 2005, STIS entered into a settlement with the U.S. Securities and Exchange Commission, in which the firm consented to a finding that it sold mutual funds without providing certain eligible customers breakpoint discounts. STIS was censured and agreed to refund all customers that did not receive breakpoint discounts.

Mattran has no relevant disciplinary history.

OVERVIEW

Between February 2004 and November 2006 ("the relevant period"), STIS, a bank broker-dealer operating largely out of SunTrust Bank branches, through two former STIS Brokers, UC and DB ("the Brokers"), engaged in a pattern of 294 unsuitable short-term Unit Investment Trust ("UIT"), Closed-End Fund ("CEF"), and mutual fund transactions in 17 accounts for 17 customers ("the 17 Accounts" or "the 17 Customers"). UC and DB each recommended a short-term trading strategy in the 17 Accounts, often involving selling UITs and CEFs less than one year after purchase and using the proceeds to purchase other UITs and CEFs. In addition, UC and DB recommended unsuitable transactions on margin in the accounts of 10 of the 17 Customers.

Most of these 17 Customers were elderly and unsophisticated investors who had listed moderate investment objectives and limited investment experience. The short-term trading and use of margin were unsuitable given the customers' financial situations, needs, and investment objectives.

During the relevant period, STIS received nearly \$630,000 in revenue, while the 17 Customers lost nearly \$540,000 from transactions sold within one year and from incurring margin interest. STIS, through UC and DB, engaged in unsuitable trading of UITs, CEFs, and mutual funds, and unsuitable use of margin, in violation of NASD Conduct Rules 2310 and 2110.

Despite annual compliance reviews in 2004 and 2005 that raised concerns about certain short-term sales by the Brokers of UITs and CEFs, Mattran, and therefore the firm, approved each transaction and did not respond adequately to red flags indicating that the transactions were unsuitable, such as: (i) the pattern of UIT and CEF purchases and sales concentrated in the 17 Customers' accounts; (ii) aggregate yearly commissions comprising a significant percentage of the value of some of the 17 Customers' accounts; and (iii) the fact that most of the accounts were owned by elderly customers. Mattran and STIS, between February 2004 and December 2005, failed to take adequate and timely steps to prevent further transactions or remedy the unsuitable transactions. As such, Mattran and the firm failed to supervise the Brokers in violation of NASD Conduct Rules 3010 and 2110.

STIS also failed to ensure that customers, including many of UC's and DB's customers, received the most favorable sales charge discount on eligible UIT purchases, thereby causing customers to incur unnecessary sales charges, in violation of NASD Conduct Rule 2110.

The unsuitable transactions and missed UIT sales charge discounts occurred in part because STIS lacked adequate systems and procedures for UITs, CEFs, and margin accounts during the relevant period. Even though UITs and CEFs comprised a significant portion of the firm's business, STIS did not maintain reports specific to, and failed to provide written suitability guidance for, UITs and CEFs. The firm also lacked adequate systems to review the suitability of transactions using margin. These supervisory deficiencies contributed to the firm's failure to identify patterns of possible unsuitable sales among the 17 Customers' accounts. Furthermore, the firm lacked systems to ensure that all customers purchasing UITs received applicable sales charge discounts. STIS therefore failed to maintain adequate supervisory systems and written procedures to supervise UIT and CEF sales, and margin activity, in violation of NASD Conduct Rules 3010 and 2110.

FACTS AND VIOLATIVE CONDUCT

1. STIS, through UC and DB, Recommended 294 Unsuitable Short-Term UIT, CEF, and Mutual Fund Transactions

During the relevant period, UC and DB, who were based in different offices within the firm's Maryland Region, recommended and engaged in a pattern of unsuitable short-term UIT and CEF trading in the 17 Customers' accounts. Many of the short-term transactions were akin to switching, whereby the Brokers, for example, sold one CEF and invested some or all of the sale proceeds in another CEF, with little or no economic benefit to the customer.

In 170 instances, the Brokers recommended that the customers sell their positions in UITs less than one year after the customers, at the Brokers' recommendation, purchased them. Even though UITs were long-term investment products with maturity dates ranging from approximately 15 months to seven years, the Brokers sometimes recommended that the customers sell their entire positions as soon as one month after purchase, resulting in additional sales charges being paid by the customers. The UITs at issue typically included a sales load of between 4 and 5%.

Furthermore, in 123 instances, the Brokers recommended that the 17 Customers sell their positions in CEFs, also considered long-term investment products, less than one year after the customers, at the Brokers' recommendation, purchased them. Most of the short-term CEF transactions involved CEFs purchased at initial public offering, whereby the sales charges to the customer are built into the offering price of the CEF. The CEFs at issue typically included a sales load as high as 4.5%. UC also recommended that one customer sell her position in a mutual fund less than one year after the customer, at his recommendation, purchased it.

The Brokers made these recommendations to purchase and sell UITs, CEFs, and mutual funds on a short-term basis without having reasonable grounds for believing that such

recommendations were suitable in view of the frequency and size of the transactions, and each customer's investment objectives, financial situation, and needs. The short-term trading did not meet the needs of the customers, most of whom were elderly, retired, or infirm, and had conservative to moderate investment profiles that were inconsistent with the short-term trading strategy. As a result of these 294 transactions, the 17 Customers incurred unnecessary sales charges and suffered losses on these transactions of approximately \$406,000, while STIS earned gross commissions of over \$629,000.

For example, STIS, through UC, recommended unsuitable UIT transactions in the accounts of GM and VM. GM and VM, who were conservative, unsophisticated investors in their nineties with limited investment experience, intended to leave their estate to charity. After GM passed away in early 2005, VM opened an individual account with UC. On April 12, 2004, GM and VM, based upon UC's recommendation, purchased a UIT for approximately \$125,000. UC earned \$4,063.14 in gross commissions from the transaction. Between May 12 and July 27, 2004, and based upon UC's recommendation, GM and VM sold the units for a loss of approximately \$14,850. GM and VM, at UC's recommendation, used the proceeds from the sale of the UIT to purchase other UITs and CEFs. In the aggregate, in 34 instances, STIS, through UC, recommended that GM and/or VM sell their positions in UITs and CEFs less than one year after the customers purchased them, which generated over \$128,000 in gross commissions for the firm, and approximately \$104,000 in losses for GM and VM.

In another example, STIS, through UC, also recommended unsuitable CEF transactions in the account of AB, a single mother in her thirties. AB was legally blind and therefore disabled, as a result of an accident. AB, an unsophisticated investor, invested the bulk of her accident settlement proceeds in a brokerage account handled by UC, and relied in part upon her account for living expenses. On November 23, 2004, UC, on behalf of AB, purchased a CEF for approximately \$150,000. He earned \$4,500 in gross commissions from the transaction. Between March 28 and April 25, 2005, UC sold the entire position for a loss of over \$23,120. AB, at UC's recommendation, used the proceeds from the sale of the CEF to purchase other CEFs and UITs. In the aggregate, in 48 instances, STIS, through UC, recommended that AB sell her positions in UITs, CEFs, and mutual funds less than one year after she purchased them, which resulted in more than \$175,000 in gross commissions for the firm, and over \$125,000 in losses for AB.

Like UC, DB recommended unsuitable UIT transactions in the accounts of multiple elderly, unsophisticated investors with limited investment experience, including PP and LP. PP and LP were in their eighties. After PP passed away in August 2004, LP opened an individual account with DB. Between February 11 and 14, 2005, LP, based upon DB's recommendation, purchased an income-producing UIT for approximately \$65,000. DB earned \$2,251.80 in gross commissions from the transaction. On or about July 20, 2005, and based upon DB's recommendation, LP sold the units for a loss of approximately \$4,500. On or about July 26, 2005, and based upon DB's recommendation, LP used the proceeds from the sale of the UIT to purchase an income-producing CEF. STIS, through DB, in 22 instances recommended that PP and/or LP sell their positions in UITs and CEFs less than one year after the customers purchased them, which produced nearly \$34,000 in gross commissions for the firm and over \$9,000 in losses for PP and LP.

By recommending unsuitable short-term UIT, CEF, and mutual fund transactions, STIS, through UC and DB, violated NASD Conduct Rules 2310 and 2110.

2. STIS, through UC and DB, Recommended Unsuitable Transactions on Margin

UC and DB also recommended to 10 customers ("the 10 Customers") unsuitable purchases and sales of securities on margin. The Brokers' recommendations were unsuitable for two reasons. First, they failed to adequately disclose to the customers the risks and costs associated with trading on margin. The 10 Customers paid in aggregate over \$133,000 in margin interest. Second, UC and DB lacked a reasonable basis for believing that such recommendations were suitable given each customer's investment objectives, financial situation and needs. The Brokers' recommendations to trade securities – including UITs and CEFs – on margin, which exposed the customers to significant risk, increased costs, and sizable margin balances, were inconsistent with the 10 Customers' investment objectives.

By recommending unsuitable transactions on margin, STIS, through UC and DB, violated NASD Conduct Rules 2310 and 2110.

3. Mattran and STIS Failed to Supervise UC and DB

Between February 2004 and December 2005, Mattran, on behalf of the firm, approved each short-term UIT and CEF transaction for the 17 Customers' accounts, including transactions placed using margin. But the firm and Mattran failed to respond adequately to red flags indicating that the Brokers were engaged in a pattern of unsuitable short-term trading of UITs and CEFs, and unsuitable use of margin. In particular, neither Mattran nor anyone else at the firm contacted any of the 17 Customers about the activity in his or her accounts between February 2004 and December 2005.

Mattran and the firm received information from different sources suggesting a pattern of unsuitable short-term UIT and CEF transactions. The trade blotter, which Mattran reviewed daily, listed over 200 sales of UITs and CEFs in the 17 Customers' accounts. Each UIT sale identified on the blotter indicated that the UIT was sold before maturity (in contrast, a UIT that expired at the end of its stated term would not appear as a sale on the blotter). Annual compliance reviews in August 2004 and April 2005 for the Maryland Region alerted Mattran and the firm to certain questionable short-term UIT and CEF transactions by the Brokers. The active trader report, which Mattran regularly reviewed, listed yearly commissions by account. Annual commissions in some of the 17 Customers' accounts represented a significant percentage of the value of these customers' accounts. Furthermore, customer profile and account information, which Mattran could access, revealed that most of the 17 Customers were elderly with stated moderate risk tolerances.

There were red flags indicating unsuitable use of margin that should have been evident to Mattran and the firm, such as the age, investment experience and objectives of some of the 10 Customers, together with margin balances that amounted to a sizable percentage of the value of these customers' accounts.

The firm and Mattran failed to respond adequately to these red flags surrounding the Brokers' transactions. Mattran and the firm failed to conduct adequate investigation into the transactions, and instead relied upon the Brokers' explanations for the transactions. But the firm and Mattran took no other action, such as contacting any of the 17 Customers. STIS and Mattran thereby violated NASD Conduct Rules 3010 and 2110.

4. STIS Failed to Provide Customers the Maximum Sales Charge Discounts on UIT Purchases

UIT Sales Charge Discounts

At the times relevant herein, UIT sponsors (or issuers) typically offered investors two types of sales charge discounts: breakpoint discounts, and rollover and exchange discounts. A breakpoint discount, like a mutual fund breakpoint discount, is a reduced percentage sales charge that applied to progressively higher investment amounts. Certain sponsors permitted investors to aggregate holdings in related accounts to reach a breakpoint (provided the purchases in the related accounts occurred on the same day).

UIT rollover and exchange discounts are generally offered to investors who use the redemption or termination proceeds from one UIT to purchase another UIT, either from the same UIT series (a rollover) or a different UIT (an exchange). Generally, in order to receive the rollover or exchange discount, proceeds used to purchase the UIT must have come from a UIT transaction that occurred within the previous 30 days. Some sponsors set limitations on the nature of the previously-held UITs, and others permit investors to receive the discount for the use of proceeds from any UIT within a given time. In both rollovers and exchanges, the customer receives a discount of 1% of the public offering price.

Investors could receive either a breakpoint, or rollover or exchange discount, but not both. For most of the UITs at issue, rollover and exchange discounts generally were more advantageous than breakpoint discounts for UIT purchases up to \$250,000.

STIS Had Notice of Requirement to Provide Customers UIT Sales Charge Discounts

On March 31, 2004, FINRA issued Notice to Members (NtM) 04-26, *Unit Investment Trust Sales*. NtM 04-26 noted that FINRA had recently taken a number of steps to ensure that members understood, informed customers about, and correctly applied sales charge discounts in selling mutual fund shares. It stated that its purpose was, "to remind members that the same duties extend to the sale of UITs that offer price breaks," and that members should develop and implement procedures for ensuring the proper application of such discounts in connection with the sale of UITs.

On May 17, 2005, STIS entered into a settlement with the SEC, in which the SEC found that STIS failed to give certain mutual fund customers the benefit of applicable breakpoint discounts and failed to disclose to these customers that they were not receiving the benefit of applicable discounts.

STIS Customers Fail to Receive Maximum UIT Sales Charge Discounts

Despite STIS's awareness of the requirement to provide customers UIT sales charge discounts, multiple STIS customers who qualified for rollover or exchange discounts instead received breakpoint discounts, or received no discount, on UIT purchases during the relevant period. In many cases where customers qualified for both discounts, the customers were not awarded the more-advantageous rollover or exchange discount. Because of the lack of supervisory oversight and written guidance, brokers such as UC and DB wrongly believed that others ensured that customers received UIT sales charge discounts, and therefore did not routinely ensure that their customers received such discounts. As a result of STIS's failure to apply correctly rollover and exchange discounts, its customers paid additional and excessive sales charges.

STIS's failure to provide all customers the benefit of maximum sales charge discounts on UIT purchases resulted from the firm's lack of systems and procedures for UIT sales charge discounts. STIS required its brokers to apply discounts to eligible UIT purchases. But because the firm lacked effective supervisory systems and written guidance, certain STIS brokers, including UC and DB, mistakenly assumed that others would apply UIT sales charge discounts on eligible transactions, and therefore failed to routinely ensure that their customers received such discounts. STIS also failed to promptly undertake or perform adequate review, testing, or analysis to determine if the firm was properly identifying and applying rollover and exchange discounts to all eligible UIT purchases.

Although STIS in 2005 began testing and utilizing a new system to ensure that customers received maximum sales charge discounts, including rollover and exchange discounts, on eligible UIT purchases, the system was not implemented firm-wide until September 2006. Prior to this date, STIS failed to provide all customers the benefit of maximum sales charge discounts on eligible UIT purchases.

By failing to apply rollover and exchange sales charge discounts on all eligible UIT purchases as detailed above, STIS violated NASD Conduct Rule 2110.

5. STIS Had Inadequate Systems and Procedures to Supervise UIT, CEF, and Margin Transactions

Broker-dealers are required to establish, maintain, and enforce a supervisory system, including written procedures, that are reasonably designed to achieve compliance with applicable securities laws and regulations.

Inadequate Systems and Procedures for UIT and CEF Transactions

During the relevant period, STIS lacked adequate supervisory systems and procedures to monitor UIT and CEF transactions, even though UITs and CEFs comprised a sizable portion of the firm's business during the relevant period. Prior to 2006, the firm did not maintain surveillance or exception reports specific to UITs or CEFs, and did not require brokers to provide written justifications for UIT or CEF switches. STIS lacked reports or procedures to enable

supervisors to adequately monitor for trends or patterns of switches. The written supervisory procedures also were deficient by failing to mention UITs or CEFs, as well as related supervisory and suitability considerations.

Inadequate Systems and Procedures for UIT Sales Charge Discounts

Between February 2004 and July 2006, STIS failed to maintain adequate systems and procedures to ensure that customers purchasing UITs received applicable sales charge discounts, including rollover and exchange discounts, and that discounts were applied properly to all eligible purchases. STIS instead placed the burden on brokers to apply discounts to eligible UIT purchases. Until July 2006, the firm lacked written procedures relating to UIT transactions in general, and the application of UIT sales charge discounts in particular. Because of the lack of supervisory oversight and written guidance, brokers such as UC and DB wrongly believed that others ensured that customers received UIT sales charge discounts, and therefore did not routinely ensure that their customers received such discounts.

Inadequate Systems and Procedures for Margin Transactions

The firm, during the relevant period, also lacked adequate systems and procedures to supervise margin accounts. After the trading desk approved the opening of a margin account, there was almost no review of trades placed on margin. The blotter did not identify trades placed on margin, and the firm did not utilize margin-specific exception reports that would help alert principals to significant margin balances. The written supervisory procedures cautioned that margin trading demanded especially close scrutiny for suitability and the customer's ability to understand the corresponding risks, yet furnished no guidance on suitability issues related to margin.

By failing to maintain an adequate supervisory system and written procedures with regard to UIT, CEF, and margin transactions, STIS violated NASD Conduct Rules 3010 and 2110.

B. The firm consents to the imposition of the following sanctions:

1. Censure.
2. A fine of \$900,000, which includes the disgorgement of commissions received of \$223,997.
3. In addition, STIS shall comply with the following undertakings within the time periods specified (unless otherwise extended by FINRA staff):
 - a. STIS shall pay restitution to the affected UC and DB customers listed in Attachment A hereto in the total amount of \$539,371.28, which is the sum of the uncompensated losses incurred from the 294 short-term transactions listed in Attachment B hereto in the 17 Customers' accounts and margin interest in the 10 Customers' accounts, plus

interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct, until the date this AWC is accepted by the NAC. A registered principal on behalf of STIS shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Robert W. Turk, Senior Counsel, FINRA, Department of Enforcement, 1801 K Street, N.W., 8th Floor, Washington, D.C. 20006-1500 either by letter that identifies STIS and case number 20060071051, or by e-mail from a work-related account of the registered principal of STIS to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC. If for any reason STIS cannot locate any customer identified in Attachment A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, STIS shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. STIS shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

- b. STIS will provide remediation to customers who, during the relevant period, purchased UITs and qualified for, but did not receive, the applicable rollover or exchange discount.
 - i. Within 30 days of the Effective Date of the AWC, STIS will submit to FINRA a proposed plan of how it will identify and compensate customers who qualified for, but did not receive, the applicable UIT rollover or exchange discounts. At a minimum, the plan must include the following provisions:
 - 1. The firm will review all customer UIT purchases effected during the relevant period, regardless of dollar amount, to determine if a customer qualified for a rollover or exchange discount.
 - 2. When determining a customer's eligibility for a rollover or exchange discount, the firm must review for UIT redemptions and terminations by a customer within 30 days of a UIT purchase.
 - 3. For each customer who was overcharged on a UIT purchase, STIS will determine the excess sale charge paid by the customers and calculate monies owed, plus

interest, from the date of the purchases until the date this AWC is accepted by the NAC, at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code (26 U.S.C. § 6621(a)(2)).

- ii. FINRA will review the plan submitted by STIS. If the plan reasonably complies with the specific requirements set forth in this AWC, and is in keeping with the general purpose of the undertaking, FINRA will not object to the plan. The date that FINRA notifies the firm that it does not object to the plan shall be called the Notice Date.
 - iii. In the event FINRA does object to the plan, the firm will have an opportunity to address FINRA's objections and resubmit the plan within 30 days. FINRA will discuss its objections with the firm. However, a failure to resubmit to FINRA a plan that is reasonably designed to meet the specific requirements and general purpose of the undertaking will be a violation of the terms of this AWC.
 - iv. STIS shall complete the remediation process within 120 days from the Notice Date.
 - v. Within 150 days from the Notice Date, STIS will submit to FINRA a schedule of all customers identified during the firm's review as having not received an appropriate rollover or exchange discount. The schedule shall include details of the qualifying purchases and the appropriate discount and total dollar amounts of restitution provided to each customer.
 - vi. Within 180 days from the Notice Date, STIS will submit to FINRA a report that explains the results of the firm's implementation of its plan to identify and compensate qualifying customers, including the amounts and manner of all restitution paid.
- c. STIS further consents, agrees and undertakes to cooperate fully with FINRA in any and all investigations, litigation or other proceedings that concern, relate or arise from the matters described in this AWC. In connection with such cooperation, STIS agrees:
- i. To use its best efforts to produce promptly any and all documents and other non-privileged information requested by FINRA's staff in STIS's possession, custody or control;
 - ii. To use its best efforts to ensure that its officers, managers, principals, employees, representatives, and associated persons also cooperate fully with FINRA, including by (i) being interviewed by FINRA staff at such times as FINRA staff reasonably may request; and (ii) appearing and testifying

truthfully and completely in such investigations or hearings as FINRA staff may reasonably request. STIS agrees that in connection with any request pursuant to this paragraph that notice may be served by regular mail on its attorneys, as follows: Jeffrey W. Willis, Rogers & Hardin LLP, 2700 International Tower, Peachtree Center, 229 Peachtree Street, N.E., Atlanta, GA 30303-1601.

- d. Upon written request showing good cause, FINRA staff may extend any of the procedural dates set forth above.

C. Mattran consents to the imposition of the following sanctions:

- 1. A fine of \$10,000.
- 2. A six-month suspension from association with any member of FINRA in any principal capacity.

STIS and Mattran agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. STIS and Mattran each have submitted an Election of Payment form showing the method by which each proposes to pay the fine imposed. STIS and Mattran have specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanction(s) imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondents;
- B. To be notified of the 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondents 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.

Respondents further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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.

III.

OTHER MATTERS

Respondents understand that:

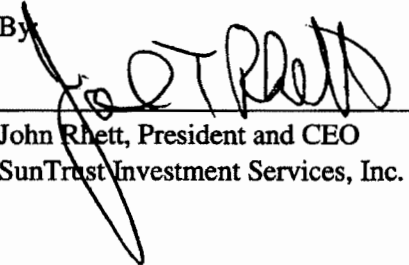
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about STIS's disciplinary record;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. Respondents 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. Respondents may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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 FINRA, nor does it reflect the views of FINRA or its staff.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondents have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondents to submit it.

7-2-10
Date

SunTrust Investment Services, Inc.
Respondent

By 
John Rhett, President and CEO
SunTrust Investment Services, Inc.

Reviewed by:



Jeffrey W. Willis

Counsel for Respondent SunTrust Investment Services, Inc.

Rogers & Hardin LLP

2700 International Tower, Peachtree Center

229 Peachtree Street, N.E.

Atlanta, GA 30303-1601

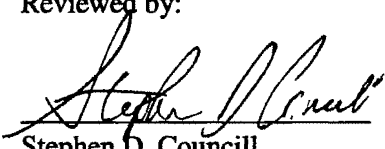
404-420-4619

Date

Donald A. Mattran, Jr.

Respondent

Reviewed by:



Stephen D. Council

Counsel for Respondent Donald A. Mattran, Jr.

Rogers & Hardin LLP

2700 International Tower, Peachtree Center

229 Peachtree Street, N.E.

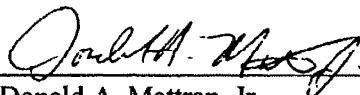
Atlanta, GA 30303-1601

404-420-4658

Reviewed by:

Jeffrey W. Willis
Counsel for Respondent SunTrust Investment Services, Inc.
Rogers & Hardin LLP
2700 International Tower, Peachtree Center
229 Peachtree Street, N.E.
Atlanta, GA 30303-1601
404-420-4619

6/26/10
Date


Donald A. Mattran, Jr.
Respondent

Reviewed by:

Stephen D. Council
Counsel for Respondent Donald A. Mattran, Jr.
Rogers & Hardin LLP
2700 International Tower, Peachtree Center
229 Peachtree Street, N.E.
Atlanta, GA 30303-1601
404-420-4658

Accepted by FINRA:

Date

7/20/10

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


Linda S. Riefberg
Vice President
FINRA Department of Enforcement
14 Wall Street
New York, NY 10005
646-315-7395
Facsimile: 646-315-7441