

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070089703-01

RECEIVED

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REGISTRATION & DISCLOSURE

To: Department of Enforcement
Financial Industry Regulatory Authority

Re: DeVon Jerrod Carlson
General Securities Representative and Investment Company
and Variable Contracts Products Representative
CRD No. 2875123

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, I, DeVon Jerrod Carlson (Carlson), 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 me alleging violations based on the same factual findings described herein.

I. 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 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

Carlson entered the securities industry in March 1997, when he associated with FINRA member Waddell & Reed, Inc. (Waddell). From March 31, 1997 through May 10, 2007, Carlson was associated with Waddell as a sales representative and was registered with FINRA as a general securities representative and investment company and variable contracts products representative.

On May 11, 2007, Waddell filed a Uniform Termination Notice for Securities Industry Regulation (Form U5) for Carlson. Therefore, FINRA retains jurisdiction over Carlson pursuant to Article V, Section 4(a) of the FINRA By-Laws.

Relevant Prior Disciplinary History

Carlson has not been the subject of prior formal disciplinary action by FINRA.

Facts and Violative Conduct

Carlson failed to respond to NASD Rule 8210 requests for information dated August 8, 2007 and September 11, 2007 (the requests). The requests sought information relating to the Form U5 filed by Waddell relating to Carlson. Specifically, the Form U5 Waddell filed stated that Carlson was "under review for misappropriating client funds and borrowing money from clients." The requests were sent consistent with the terms of, and cited, NASD Procedural Rule 8210. The requests had due dates of, respectively, September 5, 2007, and September 21, 2007. Carlson has

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advised the FINRA staff that he has received the requests and will not respond to them. To date, Carlson has not responded to the requests. Carlson's conduct violates NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA'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 National Adjudicatory Council (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 NASD Rule 9143 or the separation of functions prohibitions of NASD Procedural 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

I 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 NASD Procedural Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Procedural Rule 8310 and IM-8310-3; and
 - 4. 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I understand that if I am barred or suspended from associating with any FINRA 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 FINRA 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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PAGE 06/06

Letter of Acceptance, Waiver and Consent No. 20070089708-01
DeVon Jerrod Carlson
Page 4

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; that I 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 me to submit it.

02/12/08
Date

DeVon Jerrod Carlson
DEVON JERROD CARLSON

Reviewed by:

Mandy Blum
Counsel for DeVon Jerrod Carlson

Accepted by FINRA:

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

2-25-08
Date

Jeff A. Ziesman
Jeffrey A. Ziesman, Regional Counsel