

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008014615501**

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

RE: Everett B. Ellis, Respondent
CRD No. 4046494

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Everett B. Ellis, 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

Respondent Everett B. Ellis entered the securities industry on December 7, 1998, as an associated person with FINRA member AmSouth Investment Services, Inc. ("AmSouth"). On October 8, 1999, he became registered with FINRA as a General Securities Representative ("GS"). Ellis remained registered with AmSouth until September 30, 2004. On October 4, 2004, Ellis became registered with FINRA member Suntrust Investment Services, Inc. ("Suntrust") as a GS. He remained registered with Suntrust until September 19, 2005. On October 19, 2005, Ellis became registered with FINRA member BBVA Compass Investment Solutions, Inc. ("BBVA Compass") as a GS, and he remains registered with the firm. Ellis has not previously been the subject of any disciplinary action.

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FACTS AND VIOLATIVE CONDUCT

In May 2002, Ellis sold a Hartford variable annuity to customer MB. MB was 78-years old at the time, and the annuity purchased had a seven-year surrender period. In August 2007, Ellis recommended that MB surrender 50 percent of the total value of her Hartford variable annuity and invest the proceeds (\$104,000) in three municipal bond mutual funds. MB incurred a surrender charge of \$5,684.13 in connection with the annuity surrender and sales charges of \$3,650.72 in connection with the mutual fund purchases.

Ellis's recommendation to MB was not suitable in light of MB's age and financial situation and considering both the costs associated with the surrender of MB's variable annuity, and the sales charges associated with the purchase of the mutual funds. Ellis had no reasonable basis for his recommendation to switch from the variable annuity to the mutual funds. Such acts, practices and conduct by Ellis were in violation of NASD Conduct Rules 2310 and 2110.

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

- (i) a suspension from association with any member of FINRA in any capacity for a period of 15 business days;
- (ii) a fine in the amount of \$5,000; and
- (iii) an order to pay restitution to customer MB in the amount of \$9,334.85, 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 August 23, 2007, the date of the violative conduct, until the date this AWC is accepted by the NAC.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Respondent Ellis shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Mark J. Fernandez, Senior Regional Counsel, FINRA, 1100 Poydras Street, Suite 850, New Orleans, LA 70163, no later than 120 days after acceptance of the AWC.

If for any reason Respondent cannot locate customer MB 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, Respondent 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. Respondent 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.

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

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 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

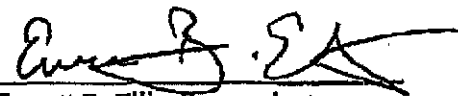
I understand that:

- 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 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 our disciplinary records;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD 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 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 FINRA, nor does it reflect the views of FINRA or its staff.

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.

6-18-10
Date


Everett B. Ellis, Respondent

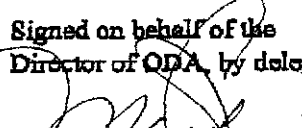
Reviewed by:


Augusta S. Dowd, Esq.
White Arnold & Dowd P.C.
2025 Third Avenue North, Suite 500
Birmingham, AL 35203
Telephone: (205) 323-1888
Facsimile: (205) 323-8907

Accepted by FINRA:

Oct 14, 2010
Date

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


Mark J. Fernandez, Senior Regional Counsel
FINRA Department of Enforcement
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Energy Centre, Suite 850
New Orleans, Louisiana 70163-1108
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