

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Darrel T. Uselton, Respondent
General Securities Principal, General
Securities Representative, and Introducing
Broker-Dealer/Financial and
Operations Principal
[CRD No. 2051430]

Respondent.

Disciplinary Proceeding
No. C05040086

Hearing Officer: DMF

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: March 23, 2005

INTRODUCTION

Disciplinary Proceeding No. C05040086 was filed on December 6, 2004, by the Department of Enforcement of NASD ("Complainant"). Respondent Darrell T. Uselton submitted an Offer of Settlement ("Offer") to Complainant on March 7, 2005. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented for the purpose of this proceeding only, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding in which NASD is a party, to the entry of findings of

facts and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Darrel T. Uselton entered the securities industry in April 24, 1990 as a General Securities Representative of a member of the NASD. During all periods mentioned herein, Darrel T. Uselton was associated with member firm American Investment Services, Inc. ("AIS") and was registered under Article V of the By-Laws as an Introducing Broker-Dealer/ Financial and Operations Principal, a General Securities Principal, and a General Securities Representative. Darrel T. Uselton is not currently associated with any member firm. Darrel T. Uselton has *previously been the subject of the following formal disciplinary actions:*

1. On August 6, 1998, a Letter of Acceptance, Waiver and Consent [Case No. C05980026] was accepted wherein Darrel T. Uselton was censured and fined \$8,000, jointly and severally with another member firm and individual. The respondents were found to have violated NASD Conduct Rules 2110 and 3010 for failing to implement, enforce and maintain reasonable and proper written supervisory procedures related to trading and market making activities.
2. On February 2, 2004, a Letter of Acceptance, Waiver and Consent [Case No. C05040009] was accepted wherein Darrel T. Uselton was fined

\$15,000.00, suspended as a General Securities Principal for one year and suspended from association with any NASD member in any capacity for six months. Uselton was found to have violated NASD Conduct Rules 2110 and 3010 for conducting a securities business while the net capital of the member firm he was associated with was below the required minimum, failing to provide timely notification required by SEC Rule 17a-11, failing to file accurate FOCUS Part IIA Reports, failing to maintain accurate books and records and for acting in the capacity of a general securities principal while not being registered in such capacity.

Darrel T. Uselton was the majority shareholder of The National Capital Companies, Inc. The National Capital Companies, Inc. owned eighty-two percent of AISCO Holdings, LTD. AISCO Holdings, Inc. was one-hundred percent owner of member firm American Investment Services, Inc.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. On or about April 8, 2002, Darrel T. Uselton executed an "Asset and Stock Purchase Agreement" whereby he, as Chairman and Chief Executive Officer of The National Capital Companies, Inc. and Chairman of AISCO Holdings, LTD., sold all of the assets of member firm American Investment Services, Inc. to member firm SAL Financial Services, Inc.
2. Respondent Uselton failed and neglected to file application with NASD for prior approval of this transaction.

3. Such acts, practices, and conduct described in paragraphs 1 and 2 hereinabove constitute separate and distinct violations of NASD Membership and Registration Rule 1017(a)(3) and Conduct Rule 2110 by Respondent Uselton, as alleged in the First Cause of Complaint.
4. On or about May 15, 2002, Respondent Uselton as Chairman and Chief Executive Officer of The National Capital Companies, Inc. and Chairman of AISCO Holdings, Inc., sold eighty-two percent of the equity ownership of American Investment Services, Inc. to Heritage West Financial Group, LLC, a non-registered entity.
5. Respondent Uselton failed and neglected to file an application with NASD for prior approval of this transaction.
6. Such acts, practices, and conduct described in paragraphs 4 and 5 hereinabove constitute separate and distinct violations of NASD Membership and Registration Rule 1017(a)(4) and Conduct Rule 2110 by Respondent Uselton, as alleged in the Second Cause of Complaint.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

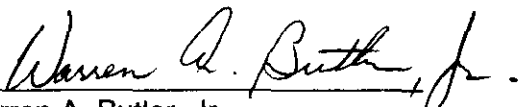
It is ordered that the following sanctions be imposed:

A six-month suspension of Darrel T. Uselton from association with any NASD member in any principal capacity and a deferred fine in the amount of \$10,000. The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

NASD

By: 
Warren A. Butler, Jr.
Senior Vice President/Regional Director
on behalf of the Director of ODA,
pursuant to delegated authority