

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO C8A050035

To: Department of Enforcement
NASD

Re: Michael Lawrence Walters
General Securities Representative
CRD # 1674530

Pursuant to Rule 9216 of NASD Code of Procedure, Michael Lawrence Walters ("Walters" or "Respondent") 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 Respondent alleging violations based on the same factual findings.

Respondent understands 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 Respondent; and
3. If accepted:
 - a. This AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
 - b. This AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's 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. Respondent may not take any action or make or permit to be made any public statement including in regulatory findings 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation in which NASD is not a party.

Respondent also understands that his 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:

Michael Lawrence Walters became registered as an Investment Company/Variable Contracts Representative (Series 6) in May 1987 and subsequently became registered in March 1995 as a General Securities Representative (Series 7). He became registered in those capacities with American Express Financial Advisors ("Member"), a member of NASD from April 1991 until September 2003, when he was terminated. Walters is not currently associated with an NASD Member and has no disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Respondent;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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. Respondent hereby accepts and consents, 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 approximately November 1994 until approximately August 2003, Walters prepared and submitted documents bearing the forged signatures of approximately 15 customers of the Member, that included authorizations to obtain payments for financial plans that were never provided and fees charged to customers' accounts totaling at least \$8,900, without the customers' knowledge and consent, in violation of NASD Conduct Rule 2110.
 2. From approximately July 2003 until approximately August 2003, Walters misused customer funds by using the documents bearing forged signatures described above to obtain payments and fees from accounts of approximately six customers of the Member, totaling in excess of \$8,900, for Walters' own use or benefit, and not for the benefit of customers, in violation of NASD Conduct Rules 2330 and 2110.
 3. Due to the incompleteness of a written response that Walters provided to NASD, he was notified on June 10, 2004, to appear to give on-the-record testimony to respond to questions about forged customer signatures on documents that authorized payments and fees to be charged to his customers' accounts, and misuse of those customer funds, to which Walters responded that he would not attend. On the scheduled date for Walters' testimony, he failed to appear, in violation of NASD Conduct Rule 2110 and NASD Procedural Rule 8210.
- B. Respondent also consents to the imposition, at a maximum, of the sanctions of a bar from association in any capacity with any member of NASD.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III.

OTHER MATTERS

Respondent understands that if he is barred or suspended from associating with any NASD member, he becomes 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, Respondent 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.)

04/27/08
Date

TOTAL P.05