

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C8A050063

TO: Department of Enforcement
NASD

RE: The Huntington Investment Company
(CRD No. 16986)

Pursuant to Rule 9216 of NASD Code of Procedure, The Huntington Investment Company ("Member") 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 the Member alleging violations based on the same factual findings.*

The Member understand 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 the Member; and,
3. If accepted:
 - a. this AWC will become part of the Member's permanent disciplinary records and may be considered in any future actions brought by NASD or any other regulator against the Member;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the Member's disciplinary records;
 - 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. the Member 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 allegation in this AWC or create

the impression that the AWC is without factual basis. Nothing in this provision affects the Member's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The Member also understands that its 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:

The Huntington Investment Company became registered with the Securities and Exchange Commission ("SEC") on November 15, 1985, and became a member of NASD on January 2, 1986. The Member conducts a general securities business on a fully disclosed basis. The Member's membership with NASD and registration with the SEC remain currently in effect, and the Member has not been the subject of any disciplinary action by NASD.

I.

WAIVER OF PROCEDURAL RIGHTS

The Member 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 it;
- 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, the Member 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.

The Member 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. The Member 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:

Paying Non-Cash Compensation For A Sales Contest, Which Weighted The Member's Products More Than Other Investment Products In Violation of NASD Conduct Rules 2110, 2820 and 2830

1. During 2002, the Member sponsored a sales contest known as the "Summit of Champions." The sales contest offered those who met certain production goals based on criteria set by the Member's management. The Member's criteria required that participants meet, among other things, 100% of the Member's Funds production goal, which was a maximum goal of \$3,000,000 in volume and a minimum goal of \$1,500,000 in volume of any combination of the following: the sale of variable annuity products issued by an affiliate of the Member; fee-based wrap products, in which the Member was one of the fund providers; and, through the allocation of the Member's funds as investment products within a 401(k) product offered through Huntington Bank (Trust). Those achieving the production goals for 2002, who received the awards in 2003, were eligible for a five day, four night cruise on the Royal Caribbean's Monarch of the Seas ocean liner for themselves and a guest. The total cost for this was about \$182,000 for the total of 52 individuals associated with the Member who attended the event on the ocean liner.
2. Based on the terms of the sales contest, it weighted the Member's proprietary mutual fund and variable annuity products more than other investments products offered by the Member, in violation of NASD Conduct Rules 2110, 2820 and 2830, by the Member.

- B. The Member also consents to the imposition, at a maximum, of the sanctions of a censure and a \$10,000 fine against the Member.

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

III.

OTHER MATTERS

- A. The Member understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Member also understands that it 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 NASD, nor does it reflect the views of NASD or its staff.
- B. The Member agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. The Member specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

The Member certifies that a duly authorized officer has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, have been made to induce the Member to submit it.

The Huntington Investment Company

5-20-2005
Date

Raymond T. Klosz
By RAYMOND T. KLOSZ
Its Chief Operating Officer

Reviewed by:

Counsel for Respondent

Accepted by NASD:

Date

Carlotta A. Romano
Carlotta A. Romano
Senior Vice President and Regional Director
Signed on behalf of the Director of ODA, by
delegated authority