

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E0420040369

To: Department of Enforcement
NASD

Re: Alison Esther Taylor
Investment Company/Variable Contract Products Principal
(CRD No. 1871817)

Pursuant to Rule 9216 of the NASD Code of Procedure, I, Alison Esther Taylor, submit 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 me alleging violations based on the same factual findings.

I 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 the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my 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. 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. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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:

I entered the securities industry in August 1988, when I associated with a member firm of NASD. From February 28, 2002 through April 20, 2005, I was associated with NASD member firm USAllianz Securities, Inc. (USAS) as an investment company/variable contract products principal. From July 2006, through the present day I have been associated with another NASD member firm.

I have not been the subject of prior formal disciplinary action by NASD.

I. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD'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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Furthermore, 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.

In addition, I specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of NASD Procedural 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.

II. 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 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:

Failure to Supervise **NASD Conduct Rules 3010 and 2110**

1. I failed to reasonably and adequately supervise USAS registered representatives F.A. and V.U. in their communications with the public, from April 2003-July 2004 (the relevant period). Specifically, certain of F.A. and V.U.'s communications violated various provisions of NASD Conduct Rule 2210 and SEC Rule 482 during the relevant period. Among other things, the communications used the phrase "guarantee" or "guaranteed" regarding specified rates of return, without making the necessary commensurate disclosures about the claims-paying ability of the issuer or that there may be certain holding periods in order to obtain such rates of return. Among other things, the communications also compared variable annuities and mutual funds, without making the necessary commensurate disclosures that there are thousands of mutual funds available, and other costs and restrictions associated with variable annuities that may not apply to mutual funds. I approved certain of these public communications, from F.A. and V.U. to the public, during the relevant period.
 2. Further, I failed to reasonably and adequately supervise V.U. with respect to a customer matter that he settled away from USAS in the Fall of 2003. Specifically, V.U. paid customer C.D. \$648.43 for a loss C.D. incurred relating to an investment. V.U. notified me before he made any payment to customer C.D. that there was a problem with the account. I told V.U. to get with the customer to determine how the customer wanted the problem fixed, and then to get back to me. I failed to create a written record that there may be a problem with the account, or to follow-up with V.U. prior to his decision to send a letter to C.D. and make payment to C.D. directly. As a result, neither I nor V.U. notified USAS of this issue before the payment was made or the letter was sent.
 3. Such acts, practices, and conduct violate NASD Conduct Rule 3010 and NASD Conduct Rule 2110.
- B. I also consent to the imposition, at a maximum, of the following sanctions:
1. a 15-business day suspension from association with any member firm in any principal capacity;
 2. a \$5,000 fine.

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

III. OTHER MATTERS

- A. I understand that 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 NASD, nor does it reflect the views of NASD or its staff.
- B. I agree to pay any monetary sanctions imposed on me upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which I propose to pay any fine imposed.
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

3-28-07
Date

Alison Esther Taylor
ALISON ESTHER TAYLOR

Reviewed by:

John L. Latham
Counsel for Respondent Taylor
John L. Latham

Accepted by NASD:

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

4-19-07
Date

Jeffrey A. Ziesman / sl
Jeffrey A. Ziesman, Regional Counsel

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NASD District Director

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