

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E052004006001**

**TO: Department of Enforcement
NASD**

**RE: T.J. Raney & Sons, Inc., Respondent
[CRD No. 19243]**

and

**Thomas D. Raney, Respondent
General Securities Principal and
General Securities Representative
[CRD No. 370852]**

and

**Alton B. Raney, II, Respondent
Introducing Broker-Dealer/Financial and Operations Principal,
General Securities Principal and General Securities Representative
[CRD No. 1497403]**

and

**Ian C. Malone, Respondent
Investment Company and Variable Contracts Products Representative,
Municipal Securities Principal, Municipal Securities Representative, Registered
Operations Principal, Options Representative, Corporate Securities
Representative, General Securities Principal and
General Securities Representative
[CRD No. 2730170]**

Pursuant to Rule 9216 of the NASD Code of Procedure, T.J. Raney & Sons, Inc., Thomas D. Raney, Alton B. Raney, II, and Ian C. Malone 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 us alleging violations based on the same factual findings.

We 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 us; and
3. If accepted:
 - a. this AWC will become part of our permanent disciplinary record

and may be considered in any future actions brought by NASD or any other regulator against us;

- b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about our 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. We 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 our testimonial obligations or right to take legal or factual positions in litigation or other proceedings in which NASD is not a party.

We also understand that our 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:

T.J. Raney & Sons, Inc. has been a member of NASD since June 23, 1987. During all periods mentioned herein, T.J. Raney & Sons, Inc. was a registered broker-dealer with the United States Securities and Exchange Commission (the "Commission") and a member of NASD, which registration and membership remain currently in effect. T.J. Raney & Sons, Inc. has not been the subject of a formal disciplinary action by any regulatory body within the past five years.

Thomas D. Raney entered the securities industry on August 16, 1960 as a General Securities Principal and General Securities Representative of T.J. Raney & Sons, Inc., a member of the NASD. During all periods mentioned herein, Thomas D. Raney was associated with member firm T.J. Raney & Sons, Inc. and was registered with NASD under Article V of the By-Laws as a General Securities Principal and General Securities Representative, which registration remains currently in effect. Thomas D. Raney has not been the subject of a formal disciplinary action by any regulatory body within the past five years.

Alton B. Raney, II entered the securities industry on May 8, 1989 as a General Securities Representative of Morgan Keegan & Company, Inc., a member of the NASD. During all periods mentioned herein, Alton B. Raney, II was associated with member firm T.J. Raney & Sons, Inc. and was registered with NASD under Article V of the By-Laws as a Introducing Broker-Dealer/Financial and Operations Principal, General Securities Principal, and General Securities

Representative, which registration remains currently in effect. Alton B. Raney, II is also dually-registered in the same capacities with member firm NFP Securities, Inc. Alton B. Raney, II has not previously been the subject of a formal disciplinary action by any regulatory body.

Ian C. Malone entered the securities industry on October 20, 1998 as a General Securities Representative of Stephens Inc., a member of the NASD. During all periods mentioned herein, Ian C. Malone was associated with member firm T.J. Raney & Sons, Inc. and was registered with NASD under Article V of the By-Laws as Investment Company and Variable Contracts Products Representative, Municipal Securities Principal, Municipal Securities Representative, Registered Operations Principal, Options Representative, Corporate Securities Representative, General Securities Principal and General Securities Representative. Ian C. Malone is currently associated with another member firm and has not previously been the subject of a formal disciplinary action by any regulatory body.

I.

WAIVER OF PROCEDURAL RIGHTS

We 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 us;
- 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, we 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.

We further specifically and voluntarily waive 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.** We hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding in 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. *During the period from on or about February 1, 2001, through on or about December 30, 2003, T.J. Raney & Sons, Inc., acting through Thomas D. Raney, Alton B. Raney, II, and Ian C. Malone, in contravention of SEC Rule 15c3-1, engaged in a securities business on 54 days when the firm's net capital was below the required minimum, as prescribed by said Rule.*

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 15c3-1 and NASD Conduct Rule 2110 by T.J. Raney & Sons, Inc. and of NASD Conduct Rule 2110 by Thomas D. Raney, Alton B. Raney, II, and Ian C. Malone.

2. *During the period from on or about March 1, 2000, through on or about February 29, 2004, T.J. Raney & Sons, Inc., acting through Thomas D. Raney and Ian C. Malone, failed to establish, maintain and enforce adequate supervisory policies and procedures relating to the sale of variable products and mutual funds.*

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3010(a) and (b) by T.J. Raney & Sons, Inc., Thomas D. Raney and Ian C. Malone.

3. *During the period from on or about March 24, 2002, through on or about April 6, 2004, T.J. Raney & Sons, Inc., acting through Thomas D. Raney, maintained the securities registrations of five representatives who were not active in the firm's investments banking or securities business.*

Such acts, practices, and conduct constitute separate and distinct violations of NASD Membership and Registration Rule 1031(a) and NASD Conduct Rule 2110 by T.J. Raney & Sons, Inc. and Thomas D. Raney.

- B. We also consent to the imposition, at a maximum, of the following sanctions:

A censure against T.J. Raney & Sons, Inc., Thomas D. Raney, Alton B. Raney, II, and Ian C. Malone, and a monetary fine in the amount of \$25,000 of which:

1. \$25,000 is joint and several against T.J. Raney & Sons, Inc. and Thomas D. Raney;
2. \$20,000 is joint and several against T.J. Raney & Sons, Inc. and Ian C. Malone; and
3. \$10,000 is joint and several against T.J. Raney & Sons, Inc. and Alton B. Raney, II.

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

III.

OTHER MATTERS

- A. We understand that we may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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. We agree to pay any monetary sanctions imposed on us upon notice that this AWC has been accepted and that such payments are due and payable as noted above and have attached an Election of Payment form showing the method by which we propose to pay any fine imposed.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

We certify that we 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 us to submit it.

By: Tom Pamy
President
[Name and Title]


Thomas D. Raney, Respondent
General Securities Principal and
General Securities Representative


Alton B. Raney, II, Respondent
General Securities Principal and
General Securities Representative

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Letter of Acceptance, Waiver,
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Date

Reviewed by:

Counsel for Respondent
Ian C. Malone

Accepted by NASD:

August 2, 2005
Date



Ian C. Malone, Respondent
General Securities Principal and
General Securities Representative



Senior Vice President and
Regional Director

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

Attachment: Election of Payment Forms