

NASD OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

John K. Colvin,
General Securities Representative
[CRD No. 2811349]

Respondent.

Disciplinary Proceeding

No. E052004016504

Hearing Officer: RSH

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: January 31, 2006

INTRODUCTION

Disciplinary Proceeding No. C05050030 was filed on June 1, 2005, by the Department of Enforcement of NASD ("Complainant"). Respondent John K. Colvin submitted an Offer of Settlement ("Offer") to Complainant on January 26, 2006. 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, without admitting or denying the allegations of the Complaint, 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, to the entry of findings 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

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Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

John K. Colvin entered the securities industry in September 1996, when he became associated with member firm Prudential Securities, Inc. Colvin became registered with the NASD under Article V of the By-Laws as a General Securities Representative on January 15, 1997, and has been registered with the following firms:

<u>Member Firm</u>	<u>Dates of Employment</u>
Prudential Securities, Inc.	September 1996-November 1996
Robert Thomas Securities, Inc.	January 1997-February 1997
Cambridge Way, Inc.	February 1997-February 1998
Ascend Financial Services, Inc.	August 1998-November 1998
American General Securities, Inc. (formerly known as Franklin Financial Services Corp.)	February 1999-March 2002
Woodbury Financial Services, Inc.	January 2003-February 2003
Smith Point Capital Partners, L.P.	April 2003-January 2004

Respondent, during all periods mentioned herein, was associated with a member firm and was registered with NASD under Article V of the By-Laws as a General Securities Representative. Respondent is not currently associated with any member firm. The State of Alabama has earlier issued an Order to Bar Respondent and others in April 2005, relating to their sales of an unregistered offering in PhyMed Partners, Inc. (State of Alabama Securities Commission Order to Bar Robert Michael Seahorn, John K. Colvin, and Colin Prest, Administrative Order No. OB-2005-0015, issued April 7, 2005).

FINDINGS AND CONCLUSIONS

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

During the period August 2001 through March 2002, Respondent John K. Colvin engaged in private securities transactions without providing written notification to, or obtaining prior approval from, his member firm employer. During the relevant period, Colvin was a registered representative with American General Equity Services Corporation ("AGSI" or "the firm").

During the relevant period, Colvin participated in private sales transactions away from his member firm employer, in the preferred stock of PhyMed Partners ("PhyMed"). While he was employed at AGSI, Colvin sold, and solicited other registered representatives to sell, shares of securities issued by PhyMed. Colvin coordinated the sales of PhyMed by other registered representative sales agents, and paid their commissions. In total, PhyMed paid Colvin commissions totaling approximately \$167,000, on total sales of at least \$1.5 million to at least 25 customers of his member firm employer and others.

PhyMed made payments directly to Colvin, who in turn made payments to other sales agents. The payments to the sales agents were drawn on accounts in the names of "Colvin Enterprises, Inc."

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 3040.

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 Respondent be barred.

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

SO ORDERED.

NASD

By: Nancy B. Goldstein
Nancy B. Goldstein
Senior Regional Attorney
on behalf of the Director of ODA, pursuant to
delegated authority