

BEFORE THE NATIONAL BUSINESS CONDUCT COMMITTEE

NASD REGULATION, INC.

In the Matter of  
the Association of

X

as an

Investment Company and  
Variable Contracts Products Representative

with

The Sponsoring Firm

**Redacted Decision**

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act of 1934

SD97004

This matter involves the association of X<sup>1</sup>, a person subject to a statutory disqualification, as an investment company and variable contracts products representative with a member firm ("the Sponsoring Firm" or "the Firm") located in Massachusetts. A hearing on the matter was held in August 1997 before a subcommittee ("SD hearing panel") of the Statutory Disqualification Committee ("SD Committee") of NASD Regulation, Inc. ("NASD Regulation"). X appeared and was accompanied by the Vice President and investment company and variable contracts products principal for the Firm. X has not been previously employed in the securities industry. He has been employed by Company A since October 1995.

X is subject to a statutory disqualification as a result of his guilty plea in a County Superior Court in December 1989 to involuntary manslaughter. He was sentenced to incarceration for 10 years (suspended), placed on probation for five years, and ordered to perform 2000 hours of community service. His probation was terminated in December 1994.

X was involved in an incident in which a handgun was discharged, killing his friend.

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<sup>1</sup> The names of the Statutorily Disqualified individual, the Sponsoring Firm, the Proposed Supervisor, and other information deemed reasonably necessary to maintain confidentiality have been redacted.

X testified at the hearing as to his employment history since his disqualification. He stated that he was employed by Company A in October 1995 as a business service representative. In July 1996 he was promoted to a position in which he provides support services to top producing agents. His duties encompass fixed-annuity products only.

The Sponsoring Firm has been a member of the NASD since 1980 and is a distributor of variable annuity and variable life insurance products. The Firm employs 141 registered principals, 11 registered representatives and has no branch offices. The Firm proposes to employ X as an investment company and variable contracts products representative to work from the Sponsoring Firm's home office, which is located in Massachusetts. X will be supervised by the Vice President ("the Proposed Supervisor"). The Proposed Supervisor has been a registered investment company and variable contracts products principal since 1986 and has no disciplinary history. It is proposed that X's primary duties will be to engage in the wholesaling of variable annuity products to broker-dealers and their registered persons. He will have no direct customer contact.

At the hearing and in written submissions the Sponsoring Firm outlined the following supervisory plan:

1. The Proposed Supervisor and X will be located in the same office.
2. The Proposed Supervisor will monitor phone calls, and will seek feedback from brokers regarding X's presentations.

The Sponsoring Firm employs no other individuals who are subject to a statutory disqualification and no familial relationship exists between X and his proposed supervisor. The Firm was last examined in 1992, and that examination was filed without action.

After a careful review of the entire record in this matter, we conclude that the application of X to become associated with the Sponsoring Firm as an investment company and variable contracts products principal should be approved. We note that X's conviction was the result of a tragic incident, and his probation was terminated in 1994. He has been employed by the member Firm's parent insurance company since 1995 without incident, and his proposed supervisor has been a registered investment company and variable contracts principal for 11 years and has no disciplinary history. In addition, we note that X's activities will be limited to wholesaling variable annuity products to registered representatives of broker-dealers.

The NASD certifies that X meets all applicable qualification requirements for the proposed employment. The Firm is not a member of any other self-regulatory organization.

The application of X to become associated with the Sponsoring Firm as an investment company and variable contracts products representative will become effective in 30 days unless otherwise notified by the Commission.

On Behalf of the National Business Conduct Committee,

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Joan C. Conley  
Corporate Secretary