

IRVING L. FAUGHT
ADMINISTRATOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

MEMORANDUM

To: Irving L. Faught, Administrator

From: Melanie Hall, Deputy Administrator

Date: August 31, 2012

Re: ENFORCEMENT REPORT

Attached is the report of the enforcement activities of the Department for the months ended July and August, 2012.

Attachment

[h/home/londonb/EnforcementReports/12_Enf-Reports_Jul-Aug-2012.doc](http://home/londonb/EnforcementReports/12_Enf-Reports_Jul-Aug-2012.doc)

**OKLAHOMA DEPARTMENT OF SECURITIES
ENFORCEMENT ACTIVITIES
JULY and AUGUST 2012**

		FY-13	FY-12
		YTD	YTD
I.	Enforcement Files		
	a. Enforcement Files Opened during the reporting period	17	16
	1. Securities Act	15	13
	2. Business Opportunity Sales Act	1	3
	3. Other	1	0
	b. Enforcement Files Closed during the reporting period	10	16
	c. Active Enforcement Files as of last day of the reporting period	258	230
II.	Actions Taken During Month		
	a. Orders Initiating Investigation	1	0
	1. Securities Act	1	0
	2. Business Opportunity Sales Act	0	0
	b. Summary Orders	0	0
	1. Securities Act	0	0
	2. Business Opportunity Sales Act	0	0
	c. Notices of Opportunity for Hearing Served	1	0
	1. Securities Act-Notices	1	0
	i. Hearing Set	0	0
	ii. Hearings Held	0	0
	2. Business Opportunity Sales Act Notices	0	0
	i. Hearing Set	0	0
	ii. Hearings Held	0	0

		FY-13	FY-12
		YTD	YTD
d. Orders		7	2
1. Securities Act		7	2
2. Business Opportunity Sales Act		0	0
e. Public Settlement Agreements		2	4
1. Securities Act		2	4
2. Business Opportunity Sales Act		0	0
f. Confidential Settlement Agreements		0	1
1. Securities Act		0	1
2. Business Opportunity Sales Act		0	0
g. Appeals from Final Orders		0	0
1. Securities Act		0	0
2. Business Opportunity Sales Act		0	0
h. Civil Penalties - Amounts Collected		\$0	\$4,074.44
1. Securities Act		\$0	\$4,074.44
2. Business Opportunity Sales Act		\$0	\$0
i. Administrative Costs - Amounts Collected		\$0	\$0
1. Securities Act		\$0	\$0
2. Business Opportunity Sales Act		\$0	\$0
j. Civil Enforcement Activities			
1. Securities Act			
i. Subpoenas Issued		0	0
ii. Civil Petitions Filed		0	0
iii. Civil Trials Held		0	0
iv. Criminal Referrals		1	0
v. Civil Appeals Filed		0	0
vi. Administrative or other Court Appearances (including pleadings filed)		0	3

		FY-13		FY-12
		YTD		YTD
	2. Business Opportunity Sales Act			
	i. Subpoenas Issued	0		0
	ii. Civil Petitions Filed	0		0
	iii. Civil Trials Held	0		0
	iv. Criminal Referrals	0		0
	v. Civil Appeals Filed	0		0
	vi. Administrative or other Court Appearances (including pleadings filed)	0		0
	k. Miscellaneous Activities			
	1. Public Information/Press Releases (copy attached)	0		0
	2. Trainings/Seminars Attended	1		2
	3. Coordinated Activities	0		0
	III. Inquiries and Complaints			
	a. Inquiries	9		15
	b. Referrals from Other Oklahoma Agencies	1		0
	c. Referrals from Out of State Agencies	2		1

FISCAL YEAR '13 ENFORCEMENT ACTIVITIES

ADMINISTRATIVE MATTERS

Anthony L. Cross and The O.N. Equity Sales Company – Anthony Cross is an Edmond agent and investment adviser representative of O.N. Equity Sales Company (ONESCO). ONESCO is based in Ohio. The Enforcement Division recommended sanctions against the Respondents in connection with the purchase by a widow, living only on social security, of interests in an investment company that invests in floating-rate bank loans. The monies invested were the proceeds from the mortgage of her paid-in-full house at the age of 76. Cross is alleged to have recommended an unsuitable investment and to have falsified information on the new account form, specifically, that the proceeds for the investment were from her savings. He also overstated her net worth. While the trade appeared on an exception report, the firm did not investigate. The value of the investment has dramatically decreased. In August, without admitting or denying a violation of the Act, Cross entered into an agreement in settlement of the matter. Cross agreed to complete certain training requirements and to make partial restitution to the victim. The Administrator issued an agreed order in which Cross was ordered to pay the sum of \$4,900 to the victim. The case against ONESCO is on-going.

Geary Securities, Keith Geary and Norman Frager – The matter as to Geary Securities and Keith Geary was settled by agreement on April 23, 2012. Mr. Geary agreed not to apply for registration as a broker-dealer principal for a period of 25 months. As a result, Mr. Geary may not act in a supervisory or managerial capacity on behalf of any broker-dealer. The Hearing Officer denied the Department's motion for summary decision as to Norman Frager, the former financial principal of Geary Securities. The Department's motion for reconsideration will be heard by the Hearing Officer.

Helix Capital Management, LLC – Helix Capital Management, LLC (Adviser) was registered as an investment adviser under the Securities Act from February 1, 2007, through December 31, 2008. While the Adviser failed to renew its registration, the company continued to operate as an investment adviser through May of 2009. Samis N. Fredrickson and Jean A. McDonald served as control persons of Adviser. Mr. Fredrickson served as Chief Compliance Officer. Both individuals signed an undertaking that provides the following: no investment advisory fees were collected since June 2009; the Adviser no longer conducts business; Fredrickson will not seek registration as an investment adviser under the Securities Act; and should Fredrickson seek registration as an investment adviser representative, he will act under the supervision of a specially designated supervisor for a period of two years and will not act in any supervisory capacity for a period of five years.

Ray Karl Hobbs, Jim M. Rios, Charles H. Havens, Sr., Domestic Development Company, DDC O&G Corporation, and Energy Revenue America, LLC – In August, the Respondents, all of whom are located in Texas, were ordered to cease and desist from engaging in acts, practices or a course of business constituting violations of

the Securities Act. Respondents repeatedly offered unregistered securities, in the form of stock, fractional undivided oil and gas interests, and a promissory note, to an Oklahoma resident. Respondents also omitted to state material facts such as the risks associated with the investments.

Thomas Wade Tower – In July, the Administrator issued an Order Initiating Investigation against Mr. Tower, a resident of Stillwater. Subsequently, the Administrator sent a letter of caution to Mr. Tower in connection with his failure to follow his firm's written supervisory procedures.

Rodney Watkins – Mr. Watkins was formerly an agent of Ameriprise Financial Services in Tulsa. An internal investigation by the firm revealed that Mr. Watkins had engaged in unauthorized discretionary trading, signed customers' names to forms and failed to disclose outside business activities. After being suspended by the firm, Mr. Watkins resigned. He has a pending application for registration as an agent. In August, Mr. Watkins entered into an agreement with the Administrator. As set forth in the agreement, Mr. Watkins agreed to a retroactive, nine month bar from offering and/or selling any security in and/or from the state of Oklahoma. The Administrator also ordered Respondent to pay a monetary penalty in the amount of \$2,500 prior to or contemporaneously with any future registration under the Securities Act. Further, any future registration shall be conditioned on a Department approved heightened supervision plan for Mr. Watkins.