

**STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA**



In the Matter of:

Stock to Cash® Program

ODS File No. 05-013

**AGREEMENT RELATING TO ACTIVITIES OF
ALEXANDER CAPITAL MARKETS, LLC**

THIS AGREEMENT is entered into by and among Alexander Capital Markets, LLC (Alexander Capital), a Delaware limited liability company; William D. Chapman (Chapman), an individual and President of Alexander Capital; and the Administrator of the Oklahoma Department of Securities (Department), as of the Effective Date specified below.

Background

Pursuant to the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and the Oklahoma Securities Act (Predecessor Act), Okla. Stat. tit. 71, §§1-413, 501, 701-703 (2001), an investigation was conducted by the Department to determine whether a violation of any provision of the Predecessor Act or the Act occurred in connection with transactions related to a program operated under the name *Stock to Cash*®.

The *Stock to Cash*® program is marketed by Emerging Money Corporation (Emerging Money) as a non-callable, non-recourse loan program. Pursuant to a joint venture agreement, Emerging Money arranges for funding of the loans by Alexander Capital.

The findings of the investigation as to Oklahoma residents participating in the *Stock to Cash*® program (Participants) include, but are not limited to, the following:

- a. The Participants received sales literature from Emerging Money relating to the *Stock to Cash*® program reflecting the proposed terms of the offering.
- b. Certain Participants did not have existing stock portfolios at the time they were solicited to participate in the *Stock to Cash*® program. Others had existing stock portfolios that were liquidated by the Participants in order to participate in the program. All Participants used available cash to purchase the securities necessary to participate in the program (Collateral Shares).
- c. Alexander Capital funded the *Stock to Cash*® program with the proceeds from the sales of the securities that the Participants transferred to Alexander

Capital as “collateral” for purposes of participating in the *Stock to Cash*® program.

d. In the agreements between Alexander Capital and the Participants, Alexander Capital agreed to return the Collateral Shares to the Participants upon payment of all outstanding loan balances. In certain of the agreements, Alexander Capital also agreed to arrange a hedge through investment-grade counterparties in order to fulfill its obligation to return the Collateral Shares at the end of the loan term. However, Alexander Capital did not enter into such a hedging transaction; a custodial relationship with a third party; or any transaction involving an investment-grade back-end assurance to fulfill its obligation to return the Collateral Shares at the end of the program.

e. Participants received representations that their right to pay back their loans and recover their Collateral Shares at the end of the program was protected, even if Alexander Capital was bankrupt or no longer in business.

f. Alexander Capital prepared and distributed quarterly statements titled “Hedged Stock Loan Quarterly Report” and directly distributed such reports to the Participants. The reports represented that Alexander Capital had arranged for a “hedge” in connection with the Collateral Shares even though the Collateral Shares had been immediately sold in the market upon transfer to Alexander Capital. In spite of the sales of the Collateral Shares, Alexander Capital reflected the receipt of dividends on the shares with credits for the amount of such dividends to partially offset the interest charged on the loans. At the end of the program, Alexander Capital provided Participants with the option to “liquidate” their Collateral Shares to pay back their loans.

g. The proceeds from the sale of the Collateral Shares by Alexander Capital were commingled into a single account owned and controlled by Alexander Capital. The sales proceeds were not deposited into an account, or otherwise maintained, in the name of the individual Participant.

h. As of the Effective Date of this Agreement, Alexander Capital has satisfied its obligations to all Participants whose loans have matured, and is continuing with a financial restructuring due to a potential inability to satisfy its long-term obligation to return the Collateral Shares to the one remaining Participant whose loan term ends in 2013.

As a result of the investigation, Alexander Capital and Chapman desire to expeditiously settle this matter, without admitting or denying the findings described above, and without the adjudication of any issue of law or fact. Alexander Capital and Chapman voluntarily waive their right to a hearing as provided by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities, and the Oklahoma Administrative Procedures Act.

NOW THEREFORE, the undersigned parties hereby agree as follows:

1. **Scope of Agreement.** The application of this Agreement is limited to the following: omissions and misrepresentations in connection with disclosures made to Participants regarding the *Stock to Cash*® program; omissions and misrepresentations in connection with the purchases and subsequent sales of the Collateral Shares; and failures to determine the suitability of the *Stock to Cash*® program for Participants. This Agreement applies to Alexander Capital and Chapman and to no others.
2. **Termination of Oklahoma Activities.** Except as provided in paragraph 3 below, Alexander Capital and Chapman agree to terminate all activities involving the *Stock to Cash*® program or any other similar program in and/or from the state of Oklahoma including, but not limited to, funding new *Stock to Cash*® program loans and renewing any currently outstanding *Stock to Cash*® program loans.
3. **Outstanding Oklahoma Programs.** For the Participant whose loan has not matured as of the Effective Date hereof, Alexander Capital and Chapman agree to provide a copy of this Agreement to such Participant. Alexander Capital and Chapman further agree to offer such Participant the opportunity to terminate his loan prematurely by accepting a payment of the greater of the amount by which the value of the Participant's Collateral Shares exceeds the outstanding loan balance as of the Effective Date hereof or the ten percent (10%) difference between the value of the Collateral Shares at inception and the loan proceeds he received within ten (10) days of notice of his acceptance of said offer.
4. **Failure to Comply.** If Alexander Capital or Chapman fails to comply with a term of this Agreement in any material respect, or if Alexander Capital or Chapman has made any false or misleading statements to the Administrator in connection with this matter, this Agreement shall be deemed null and void, and the parties shall proceed with a hearing in the above-captioned proceeding.
5. **Entire Agreement; Amendment.** This writing is intended to resolve all controversies between the undersigned parties regarding the *Stock to Cash*® program prior to the Effective Date of this Agreement. This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing by each of the parties hereto.
6. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from conducting future investigations of the *Stock to Cash*® program or from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator relating to the *Stock to Cash*® program, the Administrator may assist in such actions as authorized by law.
7. **Governing Law.** The validity, construction, interpretation and administration of this Agreement shall be governed by the laws of the State of Oklahoma.

8. **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable and the remainder of the Agreement fully enforceable.

9. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year set forth below their signatures hereto.

ALEXANDER CAPITAL MARKETS, LLC

By: 

William D. Chapman, President

Address: 11710 Plaza America Drive, Ste 2000
Reston VA 20190

Date: 12/20/08

WILLIAM D. CHAPMAN, an individual

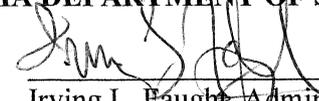


William D. Chapman

Address: 11205 W. Montpelier Rd
Great Falls, VA 22066

Date: 12/20/08

OKLAHOMA DEPARTMENT OF SECURITIES

By: 

Irving L. Faught, Administrator

Date: January 14, 2009