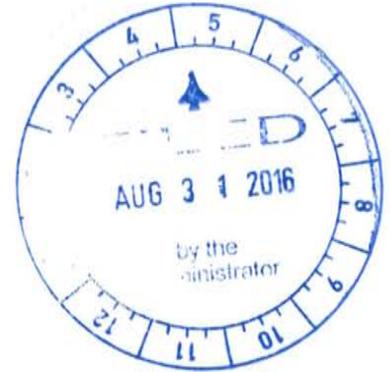


STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
204 NORTH ROBINSON, SUITE 400  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

David Perry Newman (CRD #1407201),

Respondent.

ODS File 16-033

**FINAL ORDER**

The Administrator of the Oklahoma Department of Securities ("**Department**") issues this Final Order against David Perry Newman ("**Respondent**"), pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 ("**Act**"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).

**Findings of Fact**

**Procedural**

1. On August 5, 2016, the Enforcement Division of the Department filed, with the Administrator, an Enforcement Division Recommendation ("**Recommendation**") in support of the issuance of an order barring Respondent from registration in any capacity under the Act and from association with any broker-dealer or investment adviser registered under the Act.

2. On August 8, 2016, the Administrator issued a Notice of Opportunity for Hearing in accordance with 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (effective August 1, 2013) ("**Rules**") and Section 1-411 of the Act. In the notice, Respondent was advised of his right to a hearing and his obligation to file an answer to the Recommendation within fifteen (15) days after service of the notice. Respondent was further advised in the notice that failure to file an answer and request for hearing in compliance with 660:2-9-2 of the Rules would result in the issuance of an order barring Respondent from registration under the Act and from association with a broker-dealer or investment adviser registered under the Act.

3. On August 8, 2016, the Administrator also issued a Notice of Service on the Administrator and Affidavit of Compliance in which he attested that a copy of the Notice of Opportunity for Hearing, with the Recommendation attached, and a copy of the Notice of Service on the Administrator and Affidavit of Compliance, were sent to the last known address of Respondent on August 8, 2016, by certified mail, return receipt requested, delivery restricted, in compliance with Section 1-611 of the Act.

4. On August 10, 2016, Respondent signed the return receipt for the August 8<sup>th</sup> mailing sent to 1512 West Plato Road, Duncan, Oklahoma 73533.

5. Respondent's deadline for filing an answer to the Recommendation and requesting a hearing has expired, and no answer or request for hearing has been filed.

### **Background**

6. Respondent is, and has been at all material times, a resident of Duncan, Oklahoma.

7. Respondent was registered under the Act as an agent of First Western Securities, Inc., a registered broker-dealer, from April 2008 until January 2016. From October 1985 until April 2008, Respondent was registered under Oklahoma's securities laws as an agent of other broker-dealers.

### **Private Securities Transactions**

8. From fall of 2012 through spring of 2015, while associated with First Western Securities, Respondent introduced a retired married couple and two other senior investors ("**Investors**"), all Oklahoma residents, to an outside investment in the nature of unsecured high-yield notes issued by an insurance agent named Bobby Collins ("**Collins**"). Collins, a Texas resident, was offering the notes to investors with the promises of using their funds to grow his business and paying back the principal and interest over a set period of time (12, 18, or 24 months) in equal monthly installments.

9. According to Respondent, Collins told him that Collins had an arrangement with the managers of an insurance company in Oklahoma City, from which he purchased names and addresses of customers who had inactive accounts with the insurance company; that Collins had set up a program that provided Collins' clients the opportunity to provide funds to him and his company with which he purchased the names and addresses of the inactive accounts; and that over a twenty-four month period, Collins would pay his clients back their funds plus an extra amount to compensate them for the use of their money.

10. In addition to introducing the Investors to the outside investment, Respondent recommended that one of the Investors purchase notes offered by Collins and purchased some on her behalf through a power of attorney. In making the recommendation, Respondent relied solely on Collins' representations instead of conducting other due diligence.

11. The Investors invested at least \$895,000 with Collins. As a result, Collins paid approximately \$89,500 in commissions to Respondent.

12. Respondent did not give notice of his participation in the offer and sale of the notes to First Western Securities until June 2015 and never obtained permission from First Western Securities to participate in the transactions.

13. On compliance forms dated October 5, 2012, and October 25, 2013, Respondent falsely certified to First Western Securities that he was not participating in any private securities transactions.

14. As of September 2015, Collins still owed the Investors approximately \$129,000 in principal and interest but was no longer making payments.

15. In November 2015, the U.S. Securities and Exchange Commission brought a civil enforcement action against Collins alleging that he orchestrated an investment scheme in which he raised approximately \$4.6 million from at least 36 investors, most of whom were over the age of 65, residing across Texas and Oklahoma. The SEC alleged that Collins rarely used investor funds to expand his business and that the notes were not registered. With the consent of Collins, a final judgment ordering a permanent injunction, disgorgement of \$573,234, and payment of a \$160,000 civil penalty, was entered in the matter.

### **FINRA Sanctions**

16. The Financial Industry Regulatory Authority ("**FINRA**") is a self-regulatory organization for the U.S. securities industry.

17. First Western Securities has been a member of FINRA at all material times.

18. On May 20, 2016, FINRA accepted a Letter of Acceptance, Waiver and Consent submitted by Respondent ("**AWC**").

19. The AWC is based upon Respondent's violation of NASD Rule 3040, FINRA Rule 2010, and FINRA Rule 2111 through the conduct described above.

20. NASD Rule 3040, in effect during the relevant time period, prohibited an associated person from participating "in any manner" in a private securities transaction without providing prior notice to the FINRA member with which he is associated and obtaining approval from the member.

21. FINRA Rule 2010 requires a FINRA member to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business.

22. FINRA Rule 2111 requires that a FINRA member or an associated person have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities be suitable for the customer based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile.

23. In the AWC, Respondent consented to the imposition of a fifteen-month suspension from association with any FINRA member firm in all capacities, disgorgement of \$89,500, and a \$15,000 fine.

24. The AWC is final and constitutes a complaint, answer and decision pursuant to FINRA Rule 9216.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

### **Conclusions of Law**

1. Respondent has engaged in dishonest or unethical practices in the securities business within the previous ten years by failing to observe high standards of commercial honor and just and equitable principles of trade; violating FINRA rules with respect to customers, transactions and business in this state; and recommending the purchase of Collins' notes to a customer without having reasonable grounds for believing that the recommendation was suitable for the customer.

2. Respondent is the subject of an order, issued after notice and opportunity for hearing by a self-regulatory organization, suspending Respondent from association with a member of the organization.

3. The Administrator is authorized under Section 1-411 of the Act to bar Respondent from registration in any capacity under the Act and from association with any broker-dealer or investment adviser registered under the Act.

4. It is in the public interest for the Administrator to bar Respondent from registration in any capacity under the Act and from association with any broker-dealer or investment adviser registered under the Act.

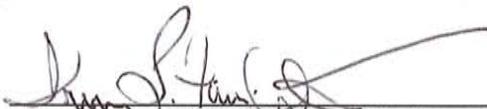
To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

### **Order**

**IT IS HEREBY ORDERED** that Respondent is barred from registration in any capacity under the Act and from association with any broker-dealer or investment adviser registered under the Act.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 31st day of August, 2016.

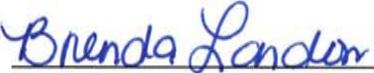
(SEAL)

  
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IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on the 1st day of September, 2016, a true and correct copy of the above and foregoing *Final Order* was sent by certified mail, return receipt requested, delivery restricted, to:

David Perry Newman  
1512 W Plato Rd  
Duncan OK 73533

  
\_\_\_\_\_  
Brenda London, Paralegal

7075 0640 0004 8676 8121

U.S. Postal Service™  
**CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only FO 16-033 TB

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee	\$	330
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	270
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input checked="" type="checkbox"/> Certified Mail Restricted Delivery	\$	495
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	
Postage	\$	

9-1-16

Postmark  
Here

David Perry Newman  
1512 W Plato Rd  
Duncan OK 73533


for Instructions

F0 16-033 TB

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David Perry Newman  
1512 W Plato Rd  
Duncan OK 73533



9590 9402 1524 5362 1064 83

2. Article Number (Transfer from service label)

7015 0640 0004 8676 8121

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

9/3/16

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery