

FURTHER AFFIANT SAYETH NOT.

Dated this 8th day of August, 2016.

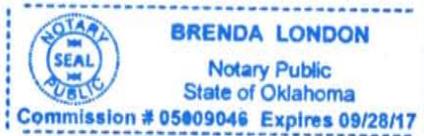
(SEAL)

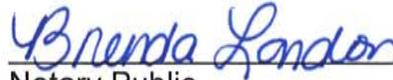


IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 8th day of August, 2016.

(SEAL)





Notary Public

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

NOTICE OF OPPORTUNITY FOR HEARING

1. On the 5th day of August, 2016, the attached Enforcement Division Recommendation ("Recommendation"), in support of the imposition of sanctions on 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), was left in the office of the Administrator of the Oklahoma Department of Securities ("Administrator").

2. Pursuant to 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, the Administrator hereby gives notice to Respondent of his obligation to file an answer and his right to request a hearing to show why an order based on the Recommendation should not be issued.

3. The answer must be in writing and received by the Administrator within fifteen (15) days after service of this Notice. As required by 660:2-9-2 of the Rules, the answer shall indicate whether Respondent requests a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondent does not have, and is unable to obtain, sufficient information to admit or deny each allegation. If Respondent intends in good faith to deny only a part of an allegation, Respondent shall specify so much of it as is true and shall deny only the remainder.

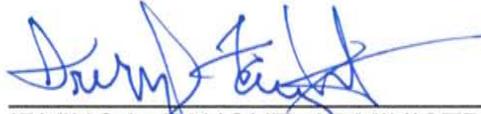
4. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order barring Respondent from registration in any capacity under the Act and from association with any broker-dealer or investment adviser registered under the Act, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

5. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on the Recommendation shall be promptly scheduled or a written order denying hearing shall be issued.

6. Notice of the date, time, and location of the hearing shall be given to Respondent not less than forty-five (45) days in advance thereof, pursuant to 660:2-9-2 of the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 8th day of August, 2016.

(SEAL)

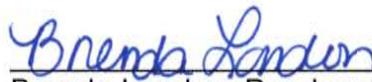


IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 8th day of August, 2016, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

David Perry Newman
1512 W Plato Rd
Duncan OK 73533



Brenda London, Paralegal

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

ENFORCEMENT DIVISION RECOMMENDATION

The Enforcement Division of the Oklahoma Department of Securities ("**Department**") submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department ("**Administrator**") in support of the imposition of sanctions on 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

Respondent

1. Respondent is, and has been at all material times, a resident of Duncan, Oklahoma.
2. 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

3. 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.
4. 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.

5. 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.

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

7. 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.

8. 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.

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

10. 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

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

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

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

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

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

Authority

1. Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules") (effective August 1, 2013) states in pertinent part:

(a) **Purpose.** This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) Standards.

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

(2) Recommendations

(A) A broker-dealer and his agents shall have reasonable grounds for believing that a recommended transaction or investment strategy involving a security or securities is suitable for such customer based upon the customer's investment profile. A customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information disclosed by the customer or known to the broker-dealer or agent.

2. Rule 660:11-5-42 of the Rules (effective July 1, 2007 through July 31, 2013) states in pertinent part:

(a) **Purpose.** This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) Standards.

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

(2) In recommending to a customer the purchase, sale or exchange of any security, the broker-dealer and his agents shall have reasonable grounds

for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs. Prior to making a recommendation to a customer a broker-dealer shall also make reasonable efforts to obtain information concerning the customer's financial background, tax status, and investment objectives, and such other information used or considered to be reasonable and necessary by such broker-dealer or registered agent in making such recommendation.

3. Section 1-411 of the Act provides, in pertinent part:

C. If the Administrator finds that the order is in the public interest and paragraphs 1 through 6, 8, 9, 10, 12 or 13 of subsection D of this section authorizes the action, an order under this act may censure, impose a bar, impose a civil penalty in an amount not to exceed a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations on a registrant, and/or recover the costs of the investigation from a registrant and if the registrant is a broker-dealer or investment adviser, from any partner, officer, or director, any person having a similar function or any person directly or indirectly controlling the broker-dealer or investment adviser.

D. A person may be disciplined under subsections A through C of this section if the person:

* * *

5. Is the subject of an order, issued after notice and opportunity for hearing by:

* * *

c. the Securities and Exchange Commission or by a self-regulatory organization suspending, barring, canceling or expelling the registrant from membership in a self-regulatory organization,

* * *

13. Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business within the previous ten (10) years[.]

* * *

G. An order may not be issued under this section, except under subsection F of this section, without:

1. Appropriate notice to the applicant or registrant;
2. Opportunity for hearing; and
3. Findings of fact and conclusions of law in a record in accordance with the Administrative Procedures Act. If the person to whom the notice is addressed does not request a hearing within fifteen (15) days after the service of notice is effective, a final order as provided in subsection A, B or C of this section may be issued.

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 is 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.

WHEREFORE, it is recommended that the Administrator issue 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terra Shamas Bonnell". The signature is written in black ink and is positioned above a horizontal line.

Terra Shamas Bonnell
Enforcement Attorney
Oklahoma Department of Securities
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Oklahoma City, OK 73102
(405) 280-7715
tbonnell@securities.ok.gov

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<input checked="" type="checkbox"/> Certified Mail Restricted Delivery	\$	495
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	
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8-8-16

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David Perry Newman
1512 W Plato Rd
Duncan OK 73533

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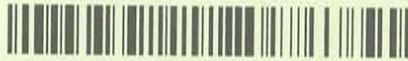
Notice 16-033 TB

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 1065 75

2. Article Number (Transfer from service label)

7015 0640 0004 8676 8046

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

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®
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- Collect on Delivery
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- Insured Mail
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- Return Receipt for Merchandise
- Signature Confirmation™
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RESTRICTED DELIVERY

Domestic Return Receipt