

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Jason F. Jacobs, individually and
dba Financial Planning Group,

Respondent.

ODS File No. 07-067

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) ss.

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (“Administrator”).
2. That a copy of the Notice of Opportunity for Hearing (“Notice”) with Enforcement Division Recommendation (“Recommendation”) attached was delivered to Affiant in the office of the Administrator pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004).
3. That the Administrator has received service of process on behalf of Jason F. Jacobs, pursuant to Section 1-611 of the Act.
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 27th day of June, 2008, by certified mail, return receipt requested, delivery restricted to addressee, to the last known address of Respondent, in compliance with Section 1-611 of the Act.
5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

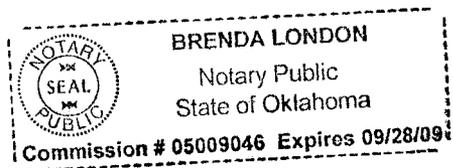
Dated this 27th day of June, 2008.

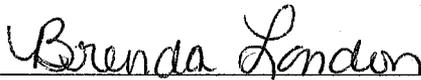
(SEAL)



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

Subscribed and sworn to before me this 27th day of June, 2008.





Notary Public

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Jason F. Jacobs, individually and
dba Financial Planning Group,

Respondent.

ODS File No. 07-067

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), an investigation was conducted into the activities of Jason F. Jacobs, individually and *dba* Financial Planning Group ("Jacobs"), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 26th day of June, 2008, the attached Enforcement Division Recommendation ("Recommendation") was left in the office of the Administrator of the Oklahoma Department of Securities ("Administrator").

3. Pursuant to 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007) ("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.

4. 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.

5. 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 suspending Respondent's registrations as an agent and investment adviser representative for forty-five (45) days and imposing a civil penalty against Respondent in the amount of \$10,000, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

6. 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.

7. 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 27th day of June, 2008.

(SEAL)

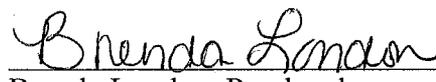


IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

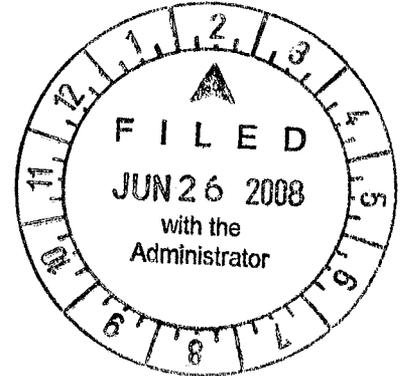
The undersigned hereby certifies that on the 27th day of June, 2008, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing and Enforcement Division Recommendation* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Jason F. Jacobs
1441 NW 150th St.
Edmond, OK 73013



Brenda London, Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Jason F. Jacobs, individually and
dba Financial Planning Group,

Respondent.

ODS File No. 07-067

ENFORCEMENT DIVISION RECOMMENDATION

Pursuant to the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), an investigation was conducted into the activities of Jason F. Jacobs, individually and *dba* Financial Planning Group (Jacobs), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma. Based thereon, the following Findings of Fact, Authorities and Conclusions of Law are submitted to the Administrator of the Oklahoma Department of Securities (Administrator) in support of the issuance of an order suspending Jacobs' registrations under the Act, imposing a civil penalty against Jacobs, and imposing such other sanctions as appropriate and authorized by law.

Findings of Fact

Registration History

1. Jacobs became registered under the Oklahoma Securities Act (Predecessor Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), as an agent of Wilbanks Securities, Inc. (Wilbanks), a registered broker-dealer, on October 28, 2003. Jacobs remains registered as an agent of Wilbanks under the Act.

2. Jacobs became registered under the Predecessor Act as an investment adviser representative of Wilbanks Securities Advisory (WSA), a registered investment adviser, on June 3, 2004. Jacobs remains registered as an investment adviser representative of WSA under the Act.

Suitability

3. On or about April 19, 2006, ES and JS (Customers ES & JS), a married couple residing in Oklahoma, signed a Wilbanks account application to open an account at Wilbanks (Account). At the time the Account was opened, Customer ES was a

Certified Public Accountant and Customer JS was a police officer for the city of Tulsa. According to their Account application, Customers ES & JS's joint income was between \$50,000 and \$99,000 per year, their joint net worth was between \$500,000 and \$999,999, the source of funds to open the Account was identified as "Gift/Inheritance," and their investment objective/risk tolerance was identified as "Growth - focus on generating long-term growth of capital. Moderate."

4. At all times material hereto, Jacobs was the agent of record for the Account.

5. On or about May 17, 2006, Customers ES & JS transferred thirty-one stock positions, mainly exchange listed, blue-chip stock, with a market value of approximately \$450,919, and a cash balance of \$9,137 into the Account. On or about May 18, 2006, Jacobs recommended the sale of, and sold, every stock position in the Account. The portfolio of liquidated stocks (Sold Stocks) included, but was not limited to, shares in Abbott Laboratories, Aflac Inc., AT&T Inc., Bank of America Corp., Chevron Corp., Citigroup Inc., Colgate-Palmolive Co., Exxon Mobil Corp., General Electric Co., Home Depot, Inc., IBM, Johnson & Johnson, Medtronic Inc., Sysco Corporation, US Bancorp Del, and Wal-Mart Stores Inc. Customers ES & JS realized capital gains on the sell transactions.

6. On or about May 23, 2006, Jacobs recommended the use of, and used, the proceeds from the sale of the Sold Stocks to purchase \$90,000 of Rydex Dynamic Strengthening Dollar Class C shares (RYSJX), \$90,000 of Rydex Inverse Dynamic S&P 500 Class C shares (RYCBX), and \$175,000 of Rydex Inverse Dynamic OTC Class C shares (RYCDX), in the Account. The Account had a cash balance of approximately \$125,568 as of May 31, 2006.

7. The Rydex Dynamic Strengthening Dollar Fund (formerly known as, "Strengthening Dollar Fund," and currently known as, "Strengthening Dollar 2x Strategy C Fund") commenced operations in May 2005. The fund's prospectus, dated August 1, 2005, for Classes A and C shares (RYSJX Prospectus) states the following:

The Strengthening Dollar Fund seeks to provide investment results that will match the performance of a specific benchmark on a daily basis. The Fund's current benchmark is 200% of the performance of the U.S. Dollar Index If the Fund meets its objectives, the value of the Fund's shares will tend to increase on a daily basis by 200% of the value of any increase in the underlying index When the value of the underlying index declines, the value of the Fund's shares should decrease on a daily basis by 200% of the value of any decrease in the underlying index The Strengthening Dollar Fund employs as its investment strategy a program of investing in derivative instruments, such as index swaps, futures contracts, and options on securities and futures contracts. Investing in derivative instruments enables the Fund to pursue its objective without investing directly in the securities included in the underlying index, or in

the same proportion that those securities are represented in the underlying index.

The RYSJX Prospectus indicates that the fund is subject to a number of risks in addition to those “risks common to investing in any Benchmark Fund[.]” The additional risks include currency risk, leveraging risk, and trading halt risk.

8. The Rydex Inverse Dynamic S&P 500 Fund (formerly known as, “Tempest 500 Fund,” and currently known as, “Inverse S&P 500 2x Strategy C Fund”) commenced operations in March 2001. The fund’s prospectus, dated May 1, 2006, for Classes A and C shares (RYCBX Prospectus) states the following:

The Inverse Dynamic S&P 500 Fund seeks to provide investment results that will match the performance of a specific benchmark on a daily basis. The Fund’s current benchmark is 200% of the inverse (opposite) performance of the S&P 500 (R) Index If the Fund meets its objective, the value of the Fund’s shares will tend to increase on a daily basis by 200% of the value of any decrease in the underlying index When the value of the underlying index increases, the value of the Fund’s shares should decrease on a daily basis by 200% of the value of any increase in the underlying index The Fund pursues its investment objective through what is sometimes referred to as a “master-feeder arrangement.” The Fund invests all of its assets in the Inverse Dynamic S&P 500 Master Fund, a separate series of the Trust with an identical investment objective. . . . The Inverse Dynamic S&P 500 Master Fund employs as its portfolio investment strategy a program of engaging in short sales of securities and investing in leveraged instruments, such as equity index swaps, futures contracts and options on securities, futures contracts, and stock indices.

The RYCBX Prospectus indicates that the fund is subject to a number of risks in addition to those risks common to investing in any mutual fund. The additional risks include market risk, active trading risk, derivatives risk, leveraging risk, market segment risk, non-diversification risk, short sales risk, swap counterparty credit risk, tracking error risk, trading halt risk, and early closing risk.

9. The Rydex Inverse Dynamic OTC Fund (formerly known as, “Venture 100 Fund,” and currently known as, “Inverse OTC 2x Strategy C Fund”) commenced operations in March 2001. The fund’s prospectus, dated May 1, 2006, for Classes A and C shares (RYCDX Prospectus) states the following:

The Inverse Dynamic OTC Fund seeks to provide investment results that will match the performance of a specific benchmark on a daily basis. The Fund’s current benchmark is 200% of the inverse (opposite) performance of the NASDAQ 100 Index (R) If the Fund meets its objective, the value of the Fund’s shares will tend to increase on a daily basis by 200%

of the value of any decrease in the underlying index When the value of the underlying index increases, the value of the Fund's shares should decrease on a daily basis by 200% of the value of any increase in the underlying index The Fund pursues its investment objective through what is sometimes referred to as a "master-feeder arrangement." The Fund invests all of its assets in the Inverse Dynamic OTC Master Fund, a separate series of the Trust with an identical investment objective. . . . The Inverse Dynamic OTC Master Fund employs as its portfolio investment strategy a program of engaging in short sales of securities and investing in leveraged instruments, such as equity index swaps, futures contracts and options on securities, futures contracts, and stock indices.

The RYCDX Prospectus indicates that the fund is subject to a number of risks in addition to those risks common to investing in any mutual fund. The additional risks include market risk, active trading risk, derivatives risk, leveraging risk, market segment risk, non-diversification risk, short sales risk, swap counterparty credit risk, tracking error risk, trading halt risk, and early closing risk.

10. Jacobs did not have reasonable grounds for believing that his recommendation to liquidate the Sold Stocks and to purchase shares of RYSJX, RYCBX, and RYCDX with the proceeds from the sale of the Sold Stocks was suitable for Customers ES & JS in light of their investment objective/risk tolerance.

11. After shares of RYSJX, RYCBX, and RYCDX were purchased with the proceeds from the sale of the Sold Stocks, Jacobs engaged in the strategy of trading Class C shares of multiple Rydex funds on a short-term basis in the Account.

12. From May 17, 2006, until December 31, 2006, purchases in the Account exceeded \$3.4 million, and sells exceeded \$3.4 million. During the same time period, sales charges and commissions totaling approximately \$39,700 were accessed to the Account.

13. In February 2007, at the request of Customers ES & JS, the Account was liquidated, and a check for \$390,325 was issued by Wilbanks to Customers ES & JS. From the time the Account was funded until the time it was liquidated, the Account suffered a decrease in market value of approximately \$58,700, exclusive of withdrawals.

14. Jacobs employed the same strategy of short-term trading in Class C shares of Rydex funds in multiple other customer accounts at Wilbanks. While the investment objective/risk tolerance of Customers ES & JS was growth/moderate, many of the other customers, for which Jacobs utilized this strategy, had a stated investment objective/risk tolerance of aggressive growth/aggressive.

Unauthorized Discretionary Trading

15. Customers ES & JS did not give written authorization for Jacobs or any other person at Wilbanks to exercise discretionary power in the Account.

16. Jacobs exercised discretionary power when effecting the short-term trading in the Class C shares of the Rydex funds in the Account.

Guarantee

17. Before the Account was liquidated, Customer JS sent an email to Jacobs instructing him to convert the holdings in the Account into cash. A few days later, Customer JS spoke with Jacobs by telephone about a perceived discrepancy in the Account. Jacobs told Customer JS he would investigate the matter with his superiors at Wilbanks. Subsequently, Jacobs told Customer JS that he had not received an answer from his superiors at Wilbanks about the discrepancy. At that time, Jacobs suggested that Customer JS allow him to invest a portion of the cash in the Account to recoup the amount of the discrepancy. Jacobs stated that if he lost additional money in the Account, he would take responsibility and make up the financial difference. Customers ES & JS did not allow Jacobs the opportunity to try to recoup the amount of the discrepancy.

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

Authorities

1. Subsection (b) of Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules") provides in pertinent part:

(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.

* * *

(13) The following standards shall apply to discretionary accounts:

* * *

(B) No broker-dealer or agent of a broker-dealer shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the broker-dealer, as evidenced in writing by the broker-dealer or the partner, officer, or manager duly designated by the broker-dealer, in accordance with (22) of this subsection.

* * *

(16) The following standards shall apply to the use of customer funds:

* * *

(E) No broker-dealer or agent of a broker-dealer shall guarantee a customer against loss in any securities account of such customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer or agent with or for such customer.

2. Conduct Rule 2310 of the National Association of Securities Dealers, now known as FINRA, ("NASD") provides in pertinent part:

(a) In recommending to a customer the purchase, sale or exchange of any security, a member 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.

3. Conduct Rule 2330(e) of the NASD provides:

No member or person associated with a member shall guarantee a customer against loss in connection with any securities transaction or in any securities account of such customer.

4. Conduct Rule 2510(b) of the NASD provides:

No member or registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member, as evidenced in writing by the member or the partner, officer or manager, duly designated by the member, in accordance with Rule 3010.

5. Rule 660:11-7-42 of the Rules provides in pertinent part:

(b) An investment adviser or investment adviser representative shall not engage in dishonest or unethical practices including, although not limited to, the following:

(1) Recommending to a client to whom investment supervisory, management or consulting services are provided the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client after reasonable inquiry concerning the client's investment objectives, financial situation and needs, and any other information known by the investment adviser or investment adviser representative.

(2) Exercising any discretionary power in placing an order for the purchase or sale of securities for a client without obtaining written discretionary authority from the client within ten (10) business days after the date of the first transaction placed pursuant to oral discretionary authority, unless the discretionary power relates solely to the price at which, or the time when, an order involving a definite amount of a specified security shall be executed, or both.

* * *

- (11) Guaranteeing a client that a specific result will be achieved (gain or no loss) with advice which will be rendered.

6. Section 1-411 of the Act provides in part:

B. If the Administrator finds that the order issued is in the public interest and subsection D of this section authorizes the action an order issued under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser. However, the Administrator:

- 1. May not institute a revocation or suspension proceeding under this subsection based on an order issued by another state that is reported to the Administrator or designee later than one year after the date of the order on which it is based; and

- 2. Under subparagraphs a and b of paragraph 5 of subsection D of this section may not issue an order on the basis of an order under the state securities act of another state unless the other order was based on conduct for which subsection D of this section would authorize the action had the conduct occurred in this state.

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:

* * *

- 2. Has willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued

under this act or the predecessor act within the previous ten (10) years;

* * *

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[.]

Conclusions of Law

1. Jason F. Jacobs, individually and doing business as Financial Planning Group, engaged in dishonest or unethical practices in violation of 660:11-5-42 and 660:11-7-42 of the Rules and NASD Conduct Rule 2310 by recommending transactions in securities to Customers ES & JS without having reasonable grounds for believing his recommendations were suitable for such customers.

2. Jason F. Jacobs, individually and doing business as Financial Planning Group, engaged in dishonest or unethical practices in violation of 660:11-5-42 and 660:11-7-42 of the Rules and NASD Conduct Rule 2510(b) by exercising discretionary power in the Account without written authorization from Customers ES & JS.

3. Jason F. Jacobs, individually and doing business as Financial Planning Group, engaged in dishonest or unethical practices in violation of 660:11-5-42 and 660:11-7-42 of the Rules and NASD Conduct Rule 2330(e) by guaranteeing against losses in the Account.

4. The Administrator is authorized to impose any sanction set forth in Section 1-411 of the Act including, but not limited to, suspension of registration and imposition of a civil penalty.

5. It is in the public interest to suspend Jacobs' agent and investment adviser representative registrations and to impose a civil penalty against Jacobs.

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 suspending Jacobs' agent and investment adviser registrations for forty-five (45) days, imposing a civil penalty against Jacobs in the amount of \$10,000, and imposing such other sanctions as appropriate and authorized by law.

Dated this 26th day of June, 2008.

Respectfully submitted,



Terra Shamas Bonnell, OBA No. 20838

Amanda Cornmesser, OBA No. 20044

Oklahoma Department of Securities

120 North Robinson, Suite 860

Oklahoma City, OK 73102

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