

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



In the Matter of:

John Johanning, Inc. (CRD 118964), and
John Arnold Johanning (CRD 4493303),

Respondents.

ODS File No. 12-070

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 *Enforcement Division Recommendation to Revoke Registrations and Notice of Opportunity for Hearing* ("*Recommendation and Notice*") in this matter was delivered to Affiant in the office of the Administrator pursuant to Section 1-611 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).
3. That the Administrator has received service of process on behalf of Respondents, pursuant to Section 1-611 of the Act.
4. That a copy of the *Recommendation and Notice* and a copy of this *Notice of Service on the Administrator and Affidavit of Compliance* are being sent this 26th day of September, 2012, by certified mail, return receipt requested, delivery restricted to the addressees, to the last known address of Respondents, in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 26th day of September, 2012.

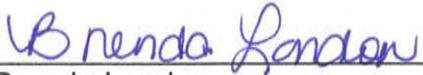
(SEAL)



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

Subscribed and sworn to before me this 26th day of September, 2012.

(SEAL)



Brenda London
Notary Public



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DEPARTMENT OF SECURITIES
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ODS File No. 12-070

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of John Johanning, Inc. ("JJI") and John Arnold Johanning ("Johanning") (collectively, "Respondents"), in connection with the offer, sale and/or purchase of securities in and/or from Oklahoma.

2. On the 25th day of September, 2012, 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 Respondents of their obligation to file an answer and their 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 Respondents request a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondents do not have, and are unable to obtain, sufficient information to admit or deny each allegation.

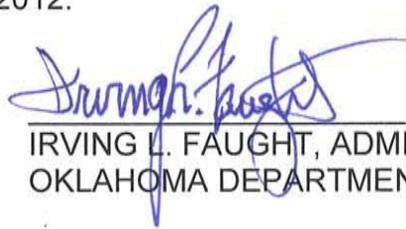
5. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order revoking Respondents' registrations under the Act.

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 Respondents 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 26th day of September, 2012.

(SEAL)



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

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 26th day of September, 2012, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation to Revoke Registrations* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

John Johanning, Inc.
4200 Perimeter Center Ste 245
Oklahoma City OK 73112

John Johanning
1613 N. McMillan
Oklahoma City OK 73127



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:

John Johanning, Inc. (CRD 118964), and
John Arnold Johanning (CRD 4493303),

Respondents.

ODS File No. 12-070

**ENFORCEMENT DIVISION RECOMMENDATION
TO REVOKE REGISTRATIONS**

Pursuant to § 1-410 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), the Examinations Division of the Oklahoma Department of Securities ("Department") conducted an examination into the activities of John Johanning, Inc. and John Arnold Johanning (collectively, the "Respondents"). The Enforcement Division submits the following Findings, Authorities, and Conclusions of Law to the Administrator of the Department ("Administrator") in support of sanctions against Respondents.

Findings

Respondents

1. In October of 1999, John Johanning, Inc. ("JJI") registered under the predecessor to the Act as an investment adviser. JJI was registered under the Act until its registration lapsed on December 31, 2009. On February 1, 2010, JJI again registered under the Act as an investment adviser and has remained registered as such. At all times material hereto, JJI's office has been located at 4200 Perimeter Center, Suite 245, Oklahoma City, Oklahoma.

2. In October of 1999, John Arnold Johanning ("Johanning") registered under the predecessor to the Act as an investment adviser representative for JJI. Johanning was registered under the Act until his registration lapsed on December 31, 2009. On February 1, 2010, Johanning again registered under the Act as an investment adviser representative and has remained registered as such. At all times material hereto, Johanning has been the President and sole owner of JJI.

On-Site Examinations

3. In September of 2011, a representative of the Department's Examinations Division ("Examiner") contacted Respondents via telephone to schedule a routine examination of JJI's records in accordance with § 1-410.D of the Act and 660:11-7-45 of the Rules of the Oklahoma Securities Commission and the Administrator of the Oklahoma Department of Securities ("Rules"). The Examiner emailed a checklist of books and records to be made available in connection with the examination. The examination was scheduled for September 14, 2011.
4. On September 14, 2011, the Examiner arrived to conduct the examination of Respondents' books and records ("Examination"). Respondents failed to provide such records. Upon return to the Department, the Examiner sent an email requesting submission of records on or before September 28, 2011.
5. During September and October, Respondents provided certain documents to the Examiner.
6. On November 16, 2011, a deficiency letter ("Deficiency Letter") was mailed to Respondents at their Perimeter Center address. The Examiner advised Respondents that "the Act authorizes the Administrator of the Department to suspend or revoke the registration of any investment adviser who has willfully violated or willfully failed to comply with any provisions of the Act or any rule under the Act." The letter requested a written response addressing the noted deficiencies no later than December 2, 2011.
7. On December 12, 2011, during a phone call from the Examiner to Johanning, Johanning claimed to have been in the hospital and unable to pick up his mail from his office. Johanning told the Examiner that he would go by his office to pick up his mail. In a follow-up email, the Examiner established a response deadline of December 26, 2011.
8. No response to the Deficiency Letter was received.
9. On January 4, 2012, the Examiner left a voice mail message on Respondents' phone and sent a follow up email regarding Respondents' failure to respond.
10. On January 26, 2012, the Deficiency Letter was resent by certified mail. The letter requested a response by February 9, 2012. The letters were sent to John Johanning, Inc. 4200 Perimeter Center, Suite 245, Oklahoma City, OK 73112, and John Johanning, 1613 North McMillan, Oklahoma City, OK 73127.
11. On February 2, the Department received the certified mail receipts reflecting delivery at both addresses with John Johanning's signature as the recipient for both.
12. To date, no response to the Deficiency Letter has been received and the Examiner has been unable to complete the Examination.

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

Authorities

1. Section 1-410 of the Act states in pertinent part:

C. Subject to Section 15(h) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)) or Section 222 of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-18a):

1. A broker-dealer registered or required to be registered under this act and an investment adviser registered or required to be registered under this act shall make and maintain the accounts, correspondence, memoranda, papers, books, and other records as required by rule adopted or order issued under this act [.]

* * *

D. The records of a broker-dealer registered or required to be registered under this act and an investment adviser registered or required to be registered under this act are subject to such reasonable periodic, special, or other audits or inspections by a representative of the Administrator, within or without this state, as the Administrator considers necessary or appropriate in the public interest and for the protection of investors. An audit or inspection may be made at any time and without prior notice. The Administrator may copy, and remove for audit or inspection copies of, all records the Administrator reasonably considers necessary or appropriate to conduct the audit or inspection.

2. Section 1-411 of the Act states in pertinent 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. . . .

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[.]

* * *

8. Refuses to allow or otherwise impedes the Administrator from conducting an audit or inspection under subsection D of Section 27 of this act [Section 1-410 of this title] or refuses access to any registrant's office to conduct an audit or inspection under subsection D of Section 27 of this act [Section 1-410 of this title] [.]

* * *

H. A person who controls, directly or indirectly, a person not in compliance with this section may be disciplined by order of the Administrator under subsections A through C of this section to the same extent as the noncomplying person, unless the controlling person did not know, and in the exercise of reasonable care could not have known, of the existence of conduct that is the basis for discipline under this section.

3. 660:11-7-45 of the Rules states:

(a) Periodic examinations. The business and records of each investment adviser registered under the Securities Act may be periodically examined by the Administrator and/or person(s) designated by him at such times and in such scope as the Administrator determines prudent and necessary for the protection of the public. A report of each such examination shall be prepared.

(b) Department access. Each investment adviser scheduled for examination shall provide the personnel of the Department access to business books, documents, and other records. Each investment adviser shall provide personnel with office space and facilities to conduct on-site examinations, and assistance in the physical inspection of assets and confirmation of liabilities. Failure of any applicant or registrant to provide such access shall constitute a violation of this section and shall be a basis for denial, suspension or revocation of the registration or application for registration.

Conclusions of Law

1. Respondents impeded representatives of the Administrator from conducting an examination under Section 1-410 of the Act by failing to provide access to the business books, documents, and other records to such representatives, in violation of Section 1-410 of the Act and 660:11-7-45 of the Rules.

2. The Administrator is authorized, pursuant to § 1-411 of the Act and 660:11-7-45 of the Rules, to revoke the registrations of Respondents.

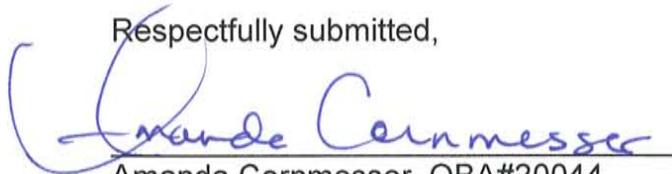
3. It is in the public interest for the Administrator to revoke the registrations of Respondents.

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 revoke the investment adviser registration of John Johanning, Inc. and the investment adviser representative registration of John Arnold Johanning, and impose any other sanctions deemed appropriate and authorized by law.

Dated this 25th day of September, 2012.

Respectfully submitted,



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