

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



In the Matter of:

Richard R. Wallen  
CRD No. 2019362,

Respondent.

File No. ODS 08-049

**ORDER BARRING FROM ASSOCIATION  
WITH A BROKER-DEALER AND/OR INVESTMENT ADVISER**

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Richard R. Wallen (Wallen), in connection with the offer and/or sale of securities in and/or from Oklahoma.

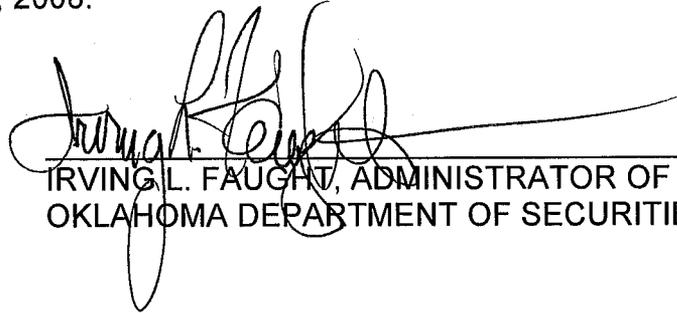
On June 12, 2008, an *Enforcement Division Recommendation* (Recommendation) was filed with the Administrator of the Department (Administrator), recommending that Respondent be barred from association with any broker-dealer and/or investment adviser in any capacity. The Administrator issued a Notice of Opportunity for Hearing with the Recommendation attached (Notice) on June 19, 2008. Service was made on the Administrator in accordance with Section 1-611 of the Act. Pursuant to Section 1-611 of the Act, the Notice was mailed to Respondent, by certified mail, return receipt requested, and delivery restricted. Personal service was obtained on Wallen on June 23, 2008. No request for a hearing has been received by the Administrator.

The Administrator, being fully advised in this matter, finds that the issuance of this Order is in the public interest and hereby adopts the Findings of Fact and Conclusions of Law set forth in the Recommendation, attached hereto as Exhibit A, and incorporated herein by reference.

**IT IS HEREBY ORDERED** that Wallen is barred from association with any broker-dealer and/or investment adviser in any capacity.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities  
this 6th day of August, 2008.

(SEAL)



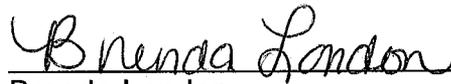
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IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 6th day of August, 2008, a true and correct copy of this *Order Barring from Association with a Broker-Dealer and/or Investment Adviser* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Richard R. Wallen  
705 S. Mustang Rd., # 163  
Yukon, OK 73099



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Brenda London  
Paralegal

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In the Matter of:

Richard R. Wallen  
CRD No. 2019362,

Respondent.

File No. ODS 08-049

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Enforcement Division of the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Richard R. Wallen (Wallen), CRD No. 2019362. Based thereon, the following Findings of Fact, Authorities and Conclusions of Law are submitted to the Administrator of the Department (Administrator) in support of issuance of an order barring Wallen from association in any capacity with a broker-dealer or investment adviser subject to the provisions of the Act and imposing such other sanctions as appropriate and authorized by law.

**Findings of Fact**

1. Wallen became registered under the Act as a broker-dealer agent of Park Avenue Securities LLC (Park Avenue) on January 10, 2007. Wallen's registration as a broker-dealer agent terminated on April 9, 2008. Wallen is not currently registered under the Act in any capacity.
2. At all times material hereto, Wallen was registered with the Oklahoma Insurance Department to sell various insurance products.
3. In or about 2004, Wallen told Oklahoma residents J. and D. Bartholdis (the "Bartholdis"), about an investment opportunity in the Iowa State Bond Trust Fund (Iowa Bond Fund). Wallen advised the Bartholdis that the Iowa Bond Fund would yield a return of 24% payable every six (6) months.



4. In or about October 2004, the Bartholdis decided to invest in the Iowa Bond Fund. Pursuant to Wallen's directions, L. Bartholdi made out a check payable to Wallen in the amount of \$3,000 for the investment.

5. Wallen deposited the check into his personal bank account. He presented a certificate to the Bartholdis that he said evidenced their investment in the Iowa Bond Fund.

6. In or about April 2005, Wallen gave the Bartholdis a check for \$720, telling the Bartholdis that it was a return on their \$3,000 investment.

7. Over the next two years, the Bartholdis gave Wallen an additional \$37,000 to invest in the Iowa Bond Fund. All of the Bartholdi's checks were made payable to Wallen. Every six (6) months throughout 2005 and 2006, Wallen provided the Bartholdis with checks totaling \$15,120, claiming that the money was the promised return on their investment.

8. In or about April 2007, Wallen failed to provide the Bartholdis with their expected returns. After the Bartholdis contacted Wallen, Wallen arranged to have funds transferred from an annuity account of another of his clients to the Bartholdis bank account. When the transfer was later recalled, Wallen explained the transfer to the annuity account holder as being the result of "a copier's error."

9. On or about May 11, 2007, Wallen presented the Bartholdis with an investment opportunity in an oil and gas lease on which a well was to be drilled. The Bartholdis had no previous experience in oil and/or gas investments. Wallen told the Bartholdis that the investment would yield a quick return of \$16,000 on an investment of \$1,800. The Bartholdis presented Wallen with a check payable to Wallen for \$1,800.

10. On or about November 26, 2007, Wallen admitted that he had fabricated the Iowa Bond Fund investment opportunity and certificates. He also admitted that he had deposited the Bartholdis' money into his personal checking account, some of which he used to pay his personal expenses. Wallen further admitted that he had not invested the Bartholdis' funds into an oil and gas venture but instead had taken the money for his personal use.

11. It is in the public interest to issue an order barring Wallen from association in any capacity with a broker-dealer and/or investment adviser subject to the provisions of the Act.

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 1-102 of the Act provides in pertinent part:

\* \* \*

32. "Security" means a . . . bond . . . investment contract . . . fractional undivided interest in oil, gas, or other mineral rights[.]

2. Section 1-411 of the Act provides in 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:

\* \* \*

- (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[.]

\* \* \*

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

- (A) No broker-dealer or person associated with a broker-dealer shall make improper use of a customer's securities or funds.

- 3. Section 1-501 of the Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- 1. To employ a device, scheme, or artifice to defraud;
- 2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
- 3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

- 4. 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 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 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.

\* \* \*

- (15) No broker-dealer or agent of a broker-dealer shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device, practice, plan, program, design, or contrivance.

#### **Conclusions of Law**

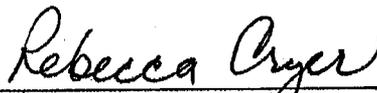
1. An interest in a bond fund and an interest in an oil and gas venture are securities as defined by Section 1-102 of the Act.
2. In connection with the offer, sale or purchase of a security in and/or from the state of Oklahoma, Wallen engaged in acts, practices, and a course of business that operated as a fraud or deceit upon the Berholdis in violation of Section 1-501 of the Act.
3. In connection with the offer, sale or purchase of a security in and/or from the state of Oklahoma, Wallen failed to observe high standards of commercial honor and just and equitable principles of trade in connection with customer transactions in violation of subsection (b) of Rule 660:11-5-42.
4. In connection with the offer, sale or purchase of a security in and/or from the state of Oklahoma, Wallen made improper use of customer funds in violation of subsection (b) of Rule 660:11-5-42.
5. The Administrator of the Department is authorized to bar Wallen from association in any capacity with a broker-dealer and/or investment adviser subject to the provisions of the Act, pursuant to Section 1-411 of the Act.
6. It is in the public interest to bar Wallen from association in any capacity with a broker-dealer and/or investment adviser subject to the provisions of 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 Wallen from association in any capacity with a broker-dealer and/or investment adviser subject to the provisions of the Act.

Dated this 12<sup>th</sup> day of June, 2008.

Respectfully Submitted,



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Rebecca Cryer  
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