

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

APR 29 2013

TIM RHODES  
COURT CLERK

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Oklahoma Department of Securities	)
<i>ex rel.</i> Irving L. Faught,	)
Administrator,	)
	)
Plaintiff,	)
	)
v.	)
	)
Jasper E. Bidy, IV,	)
	)
Defendant.	)

Case No. **CV-2013-911**

BARBARA SWINTON

PETITION FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

COMES NOW the Plaintiff, Oklahoma Department of Securities, *ex rel.* Irving L. Faught, ("Department"), and for its claims against Jasper E. Bidy, IV, ("Defendant"), alleges and states as follows:

OVERVIEW

This case involves violations, by Defendant, of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), and an order issued under the Act. Specifically, Defendant has transacted business in Oklahoma as an investment adviser in violation of an order issued by the Administrator of the Department ("Administrator"), transacted business in Oklahoma as an unregistered investment adviser in violation of Section 1-403 of the Act, and made material omissions in connection with the offer, sale, or purchase of securities in violation of Section 1-501 of the Act.

## JURISDICTION

1. Plaintiff brings this action pursuant to Section 1-603 of the Act and is the proper party to bring this action.

2. In connection with his activities in this state as described herein, Defendant is subject to the provisions of the Act, pursuant to Section 1-610 of the Act, and to the jurisdiction of this Court and service of summons within, and outside, this state.

3. Venue is proper in this county.

## BACKGROUND

4. Defendant is an individual who resided in Edmond, Oklahoma, until his move to Monument, Colorado, in 2007.

5. While residing in Oklahoma, Defendant operated Legacy Wealth Management, LLC ("LWM"), an investment adviser registered under the Act from November 29, 2004, until May 25, 2007, and from July 3 until July 23, 2007. Defendant was registered under the Act as an investment adviser representative of LWM, from November 29, 2004 until May 25, 2007, and from July 3 until July 23, 2007.

6. On July 23, 2007, the Administrator issued a Summary Order suspending the registrations of Defendant and LWM until a final determination on the recommendation of the Department's Enforcement Division to revoke their registrations.

7. On October 10, 2007, pursuant to an *Agreement* among Defendant, LWM, and the Administrator ("*Agreement*"), a *Final Order* was issued that, in part, suspended Defendant's investment adviser representative registration under the Act and barred him from transacting business in and/or from the state of Oklahoma as an investment

adviser, investment adviser representative, broker-dealer, and/or agent for six years from July 23, 2007 ("October 2007 Order"). See "Exhibit A". The October 2007 Order also revoked the investment adviser registration of LWM and barred it from transacting business in and/or from Oklahoma as an investment adviser.

8. On February 14 and June 12, 2008, Defendant, LWM, and the Administrator amended provisions of the Agreement relating to Defendant and LWM refunding certain advisory fees to their clients.

9. As a result of Defendant's non-compliance with the amended refund provisions of the Agreement, the Administrator issued, on September 24, 2008, an Order against Defendant in which his registration as an investment adviser representative under the Act was revoked and he was indefinitely barred from transacting business in and/or from the state of Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent ("September 2008 Order"). See "Exhibit B".

10. The September 2008 Order contained the following conclusions of law:

a. Defendant and LWM willfully engaged in dishonest and unethical practices in the securities business in violation of 660:11-7-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules").

b. Defendant and LWM "impeded a representative of the Administrator from conducting an audit or inspection under Section 1-410 of the Act by failing to provide access to certain account statements" for accounts managed by Defendant and by later submitting altered account statements for such accounts to the Department, in violation of Section 1-410 of the Act and 660:11-7-45 of the Rules.

c. Defendant and LWM "engaged in an act, practice, and course of business that operated as a fraud and deceit

upon accountholders [sic]" of accounts managed by Defendant, in violation of Section 1-502 of the Act.

### NATURE OF CASE

11. Since being barred from transacting business in and/or from Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent, Defendant has opened and controlled two or more brokerage accounts on behalf of an Oklahoma resident ("Investor"). Investor was a former client of LWM. Defendant's control over Investor's brokerage accounts included, but was not limited to, selecting and trading securities.

12. In connection with the opening of Investor's brokerage accounts, Defendant told Investor that he closed LWM in 2007 but did not disclose the reason for the closure. Defendant did not tell Investor about the Department's administrative action against him or that he is barred from transacting business in and/or from Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent.

13. On January 25, 2013, Defendant represented to the Department that Investor executed a limited power of attorney in connection with his brokerage accounts so that Defendant "could help him." In fact, no written power of attorney or trading authorization was executed. Instead, Defendant controlled Investor's accounts utilizing Investor's online account password and email address.

14. Defendant was the designated beneficiary on at least one of Investor's accounts under his control.

15. In addition, Defendant has administered the website, [www.biddytrades.com](http://www.biddytrades.com) ("Website"), since being barred from transacting business in

and/or from Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent.

16. Until Defendant deactivated it last month, the Website allowed a person to purchase a trial, monthly, or annual membership for \$30, \$99 per month, or \$990, respectively.

17. Members of the Website had access to the following, among other things: a) "A strategy that has profited during bull, bear or sideways markets"; b) Defendant's "chat room during regular market hours"; c) Defendant's "real-time trades" to be sent via email and text message and posted on Twitter as soon as the trades are placed; d) "Video updates four nights a week describing potential trade setups"; and e) "2-4 option trades & 2-4 stocks trades on average."

18. The Website had 215 members who paid a total of \$116,692 in membership fees.

19. Oklahoma residents had access to the Website and at least two (2) Oklahoma residents purchased memberships.

**FIRST CAUSE OF ACTION**  
**(Violation of Order issued under the Act)**

20. The Department realleges and incorporates by reference each and every allegation contained in the preceding paragraphs.

21. Through his administration of the Website from September 2011 until March 2013, Defendant transacted business in Oklahoma as an investment adviser, as defined in Section 1-102 of the Act.

22. By reason of the foregoing, Defendant has violated the September 2008 Order.

**SECOND CAUSE OF ACTION**

**(Violation of Section 1-403 of the Act:  
Transacting Business as Unregistered Investment Adviser)**

23. The Department realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

24. At all times material hereto, Defendant was not registered as an investment adviser pursuant to Section 1-403 of the Act.

25. By reason of the foregoing, Defendant has violated Section 1-403 of the Act.

**THIRD CAUSE OF ACTION**

**(Violation of Section 1-501 of the Act: Material Omissions)**

26. The Department realleges and incorporates by reference each and every allegation contained in the preceding causes of actions.

27. Defendant, in connection with the offer, sale or purchase of a security, directly or indirectly, omitted to disclose to Investor the following material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading:

a. Defendant has willfully engaged in dishonest and unethical practices in the securities business in violation of the Rules.

b. Defendant has impeded a representative of the Administrator from conducting an audit or inspection under Section 1-410 of the Act by failing to provide access to certain account statements of accounts managed by Defendant and by later submitting altered account statements for such accounts to the Department, in violation of the Act and Rules.

c. Defendant has engaged in an act, practice, and course of business that operated as a fraud and deceit upon accountholders, in violation of the Act.

d. Defendant's registration under the Act has been revoked, and he has been barred from transacting business in and/or from Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent.

28. By reason of the foregoing, Defendant has violated Section 1-501 of the Act.

### PRAYER FOR RELIEF

Defendant has engaged in acts and practices in violation of Sections 1-403 and 1-501 of the Act and the September 2008 Order.

WHEREFORE, based upon the foregoing, and pursuant to Section 1-603 of the Act, the Department prays for the court to grant the following relief:

I.

A permanent injunction enjoining Defendant from transacting business as an issuer, broker-dealer, agent, investment adviser, and/or investment adviser representative and otherwise offering and/or selling securities, in and/or from the state of Oklahoma.

II.

An order requiring Defendant to make restitution in the amount of \$25,000 to Investor.

III.

A civil penalty payable to the Department in the amount of \$10,000.

IV.

Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act including the costs of the investigation.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES  
Irving L. Faught, Administrator

By:



Terra Shamas Bonnell (OBA # 20838)

Robert E. Fagnant (OBA # 30548)

Oklahoma Department of Securities

120 North Robinson, Suite 860

Oklahoma City, Oklahoma 73102

Telephone: (405) 280-7700

Fax: (405) 280-7742

Email: [tbonnell@securities.ok.gov](mailto:tbonnell@securities.ok.gov);

[rfagnant@securities.ok.gov](mailto:rfagnant@securities.ok.gov)



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



In the Matter of:

Jasper E. Bidy IV (CRD No. 3212045), and  
Legacy Wealth Management, LLC (CRD No. 133078),

Respondents.

ODS File No. 07-098

**FINAL ORDER**

Pursuant to Section 1-410 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Examinations Division of the Oklahoma Department of Securities ("Department") conducted an inspection of Legacy Wealth Management, LLC ("Legacy") and Jasper E. Bidy IV ("Jasper Bidy") (collectively, "Respondents") for the time period January 1, 2006, through April 30, 2007 ("2007 Examination"). Based thereon, the Enforcement Division of the Department recommended that the Administrator of the Department ("Administrator") impose sanctions against Respondents ("Recommendation").

In order to resolve this matter, Respondents voluntarily executed the *Agreement* that is in the form attached hereto as "Attachment A" and incorporated herein by reference ("Agreement").

This Order is issued pursuant to Section 1-411 of the Act. The Administrator hereby adopts the Findings of Fact and Conclusions of Law set forth below.

**Findings of Fact**

1. In November 2004, Legacy registered under the Act as an investment adviser. At all times material hereto, Legacy's principal office and place of business has been located at 609 South Kelly Avenue in Edmond, Oklahoma ("Legacy's Office").
2. In November 2004, Bidy registered under the Act as an investment adviser representative of Legacy.
3. As part of the 2007 Examination, the Department reviewed the advisory fees charged by Respondents in forty-six (46) customer accounts. The advisory fees charged, during the time period January 1, 2006 through December 31, 2006, in sixteen (16) of the reviewed accounts ("Relevant Accounts") exceeded the annualized fee to be charged according to the *Legacy Wealth Management, LLC Investment Advisory Agreement* ("IA Agreement") signed by the respective accountholder(s).



4. Respondents charged eleven (11) of the Relevant Accounts advisory fees in excess of three percent (3%). Such fees exceed the industry standard, in addition to the annualized fees stated in the IA Agreements, and are unreasonable.

5. Respondents attempted to conceal from the Department their over-billing of advisory fees by altering many of the Relevant Accounts' statements they provided to the Department and by not providing a portion of the Relevant Accounts' statements to the Department for purposes of the 2007 Examination.

6. Respondents altered the account statements by removing all, or part, of the "journal" transactions described as management fees from the "Other Debit and Credit Activity" and "Chronological Recap of above Monthly Activity" sections of the statements. Respondents altered account statements for eight (8) of the Relevant Accounts.

7. Respondents failed to provide the Department with access to several of the statements for the Relevant Accounts. The missing statements for the Relevant Accounts should contain the same type of "journal" transactions for the payment of advisory fees that Respondents removed from other account statements.

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. Respondents willfully engaged in dishonest and unethical practices by doing the following, in violation of 660:11-7-42 of the Rules: (a) misrepresenting the annualized advisory fees to be charged in the Relevant Accounts in the IA Agreements signed by the accountholders; (b) charging certain of the Relevant Accounts unreasonable advisory fees; and (c) altering account statements of the Relevant Accounts.

2. Respondents impeded a representative of the Administrator from conducting an audit or inspection under Section 1-410 of the Act by failing to provide the Examinations Division with access to certain account statements for the Relevant Accounts and by submitting altered account statements for the Relevant Accounts to the Examinations Division, in violation of Section 1-410 of the Act and 660:11-7-45 of the Rules.

3. Respondents engaged in an act, practice, and course of business that operated as a fraud and deceit upon the accountholders of the Relevant Accounts, in violation of Section 1-502 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.

**NOW THEREFORE, IT IS HEREBY ORDERED** that Respondents comply with all provisions of the Agreement.

**IT IS FURTHER HEREBY ORDERED** that the investment adviser registration of Legacy shall be revoked and Legacy shall be barred from transacting business in and/or from the state of Oklahoma as an investment adviser.

**IT IS FURTHER ORDERED** that Respondents notify the Department of any agreement between Jasper Bidy and/or Legacy and any other person relating to the disposition of client accounts.

**IT IS FURTHER ORDERED** that the investment adviser representative registration of Jasper Bidy shall be suspended, and Jasper Bidy shall be barred from transacting business in and/or from the state of Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent for six (6) years from July 23, 2007.

**IT IS FURTHER ORDERED** that Jasper Bidy is prohibited from being a partner, officer, or director of an investment adviser and/or broker-dealer or having a similar status or performing similar functions, or directly or indirectly, controlling an investment adviser or broker-dealer, for a time period of ten (10) years after Jasper Bidy is registered under the Act, or any successor act.

**IT IS FURTHER ORDERED** that Jasper Bidy and/or Legacy must refund all advisory fees charged in excess of the annualized fee to be charged pursuant to the *Legacy Wealth Management, LLC Investment Advisory Agreement* signed by the respective client, plus an interest rate of 1% compounded quarterly, per the terms set forth in paragraph 6 of the Agreement, and Jasper Bidy must pay a civil penalty to the Department in the amount of \$100 for each day that Respondents are in non-compliance with such terms, up to a maximum of \$3,000. Jasper Bidy shall pay such civil penalty within sixty (60) days of the effective date of the Agreement. If Respondents are in non-compliance with the terms set forth in paragraph 6 of the Agreement for thirty-one (31) or more days, this Agreement shall be deemed null and void and the parties shall proceed to hearing on the recommendation to revoke Jasper Bidy's registration. Jasper Bidy's registration shall remain suspended until a final determination on the revocation.

**IT IS FURTHER ORDERED** that any future registration of Jasper Bidy under the Act, or any successor act, be conditioned upon his payment of a deferred civil penalty in the amount of \$5,000 per the terms set forth in the Agreement, and if Jasper Bidy fails to make such payment, his application for registration shall be deemed withdrawn.

**IT IS FURTHER ORDERED** that any future registration of Jasper Bidy under the Act, or any successor act, shall be subject to the additional conditions listed below:

- A. Jasper Bidy must meet the qualifications required by the Oklahoma Uniform Securities Act of 2004 ("Act"), or any successor act.
- B. Jasper Bidy shall not participate in any improper, unethical, and/or illegal conduct in the securities or insurance industry on or after the Effective Date of this Agreement.

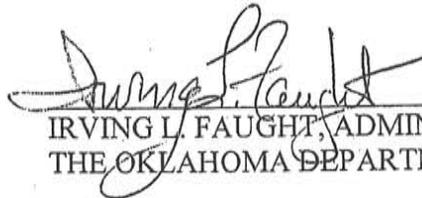
C. For a period of five (5) years following registration as an investment adviser representative, Jasper Bidy shall have a specially designated supervisor. Jasper Bidy shall provide the Department with the name of the specially designated supervisor and the individual shall be an investment adviser or investment adviser representative in compliance with federal and state securities laws, rules, and regulations.

D. Jasper Bidy shall be subject to heightened supervision for a period of two (2) years following his registration as an agent, as that term is defined under the Act.

E. For a period of ten (10) years following registration under the Act or any successor act, Jasper Bidy shall not act in any supervisory capacity.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 10th day of October, 2007.

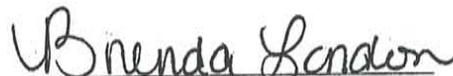
(SEAL)

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 10th day of October, 2007, a true and correct copy of the above and foregoing *Final Order* was emailed to Counsel for Respondents at wilklaw@wilklaw.com and sarahmcamis@sbcglobal.net and mailed, with postage prepaid thereon, addressed to:

Bill V. Wilkinson, Esq.  
Sarah McAmis, Esq.  
Wilkinson Law Firm  
7625 East 51<sup>st</sup> Street, Suite 400  
Tulsa, OK 74145-7857

  
\_\_\_\_\_  
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:

Jasper E. Bidy IV (CRD No. 3212045), and  
Legacy Wealth Management, LLC (CRD No. 133078),

Respondents.

ODS File No. 07-098

AGREEMENT

**THIS AGREEMENT** is entered into between Jasper E. Bidy IV ("Jasper Bidy"), Legacy Wealth Management, LLC ("Legacy") (collectively, "Respondents") and the Administrator ("Administrator") of the Oklahoma Department of Securities ("Department") as of the Effective Date set forth below.

Pursuant to Section 1-410 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Examinations Division of the Department conducted an inspection of Legacy and Bidy for the time period January 1, 2006, through April 30, 2007. Based thereon, the Enforcement Division of the Department recommended that the Administrator impose sanctions against Respondents ("Recommendation"). The Recommendation is attached hereto as "Attachment A" and is incorporated herein by reference.

Respondents desire to expeditiously settle this matter without the adjudication of any issue of law or fact. Respondents voluntarily waive their right to a hearing provided by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities, and the Oklahoma Administrative Procedures Act.

**NOW THEREFORE**, the undersigned parties hereto agree as follows:

1. **Order.** The Administrator will issue an order in the form attached hereto as "Attachment B."
2. **Revocation.** The investment adviser registration of Legacy Wealth Management, LLC ("Legacy"), shall be revoked, and Legacy shall be barred from transacting business in the state of Oklahoma as an investment adviser.
3. **Disposition Agreements.** Respondents shall notify the Department of any agreement between Jasper Bidy and/or Legacy and any other person relating to the disposition of client accounts. The Department will not oppose the sale of Respondents' client accounts to a qualified and registered investment adviser and/or investment adviser representative.

4. **Suspension.** The investment adviser representative registration of Jasper Bidy shall be suspended, and Jasper Bidy shall be barred from transacting business in the state of Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent for six (6) years from July 23, 2007. At the conclusion of the six (6) years, Jasper Bidy may apply for registration under the Act, or any successor act. The Department may not deny the application based upon any of the conduct that was alleged in the Recommendation to have occurred prior to July 23, 2007, and/or any of the conduct that was a part of the investigation and/or disciplinary proceedings and/or suspension of Jasper Bidy.

5. **Limitation.** For a time period of ten (10) years after Jasper Bidy has been registered as provided for in paragraph 4 above, he shall be prohibited from being a partner, officer, or director of an investment adviser and/or broker-dealer or having a similar status or performing similar functions, or directly or indirectly, controlling an investment adviser or broker-dealer.

6. **Refund to Clients.** Jasper Bidy and/or Legacy shall refund all advisory fees charged in excess of the annualized fee to be charged pursuant to the *Legacy Wealth Management, LLC Investment Advisory Agreement* signed by the respective client, plus an interest rate of 1% compounded quarterly, within twenty (20) days of the Effective Date of this Agreement. Jasper Bidy and/or Legacy shall submit to the Department documentation of the dollar amount refunded to each client, the date of the refund, and a copy of the check or other instrument used to make the refund within twenty-five (25) days of the Effective Date of this Agreement.

7. **Deferred Civil Penalty.** Any future registration of Jasper Bidy under the Act, or any successor act, shall be contingent upon the payment of a civil penalty in the amount of \$5,000 to the Department. Jasper Bidy must pay the civil penalty within seventy-two (72) hours of written or verbal notification from the Department that Jasper Bidy's application for registration will be approved upon payment of the civil penalty. Jasper Bidy must pay the civil penalty by check, money order, or cashier's check payable to the Oklahoma Department of Securities.

8. **Conditions of Registration.** Any future registration of Jasper Bidy under the Act, or any successor act, shall be subject to the additional conditions listed below:

A. Jasper Bidy must meet the qualifications required by the Oklahoma Uniform Securities Act of 2004 ("Act"), or any successor act.

B. Jasper Bidy shall not participate in any improper, unethical, and/or illegal conduct in the securities or insurance industry on or after the Effective Date of this Agreement.

C. For a period of five (5) years following registration as an investment adviser representative, Jasper Bidy shall have a specially designated supervisor. Jasper Bidy shall provide the Department with the name of the specially designated supervisor and the individual shall be an investment adviser or

investment adviser representative in compliance with federal and state securities laws, rules, and regulations.

D. Jasper Bidy shall be subject to heightened supervision for a period of two (2) years following registration as an agent, as at term is defined under the Act.

E. For a period of ten (10) years following registration under the Act, or any successor act, Jasper Bidy shall not act in any supervisory capacity.

9. **Consideration.** In consideration for this Agreement, the Administrator will not take any further action against Respondents for any conduct that was alleged in the Recommendation to have occurred prior to July 23, 2007 and/or any of the conduct that was a part of the investigation and/or disciplinary proceedings and/or suspension of Jasper Bidy.

10. **Failure to Comply.** If Legacy and/or Jasper Bidy fail to comply with the terms of this Agreement set forth above in paragraph 6, Jasper Bidy must pay a civil penalty to the Department in the amount of \$100 for each day that Legacy and/or Jasper Bidy are in non-compliance with such terms, up to a maximum of \$3,000. Jasper Bidy must pay such civil penalty within sixty (60) days of the Effective Date of this Agreement. If Legacy and/or Jasper Bidy are in non-compliance with the terms set forth above in paragraph 6 for thirty-one (31) or more days, this Agreement shall be deemed null and void with respect to Jasper Bidy, and the parties shall proceed to hearing on the recommendation to revoke Jasper Bidy's registration. Jasper Bidy's registration shall remain suspended until a final determination on the revocation. If Jasper Bidy fails to pay the deferred civil penalty in accordance with the terms set forth above in paragraph 7, his application for registration shall be deemed withdrawn. If Legacy and/or Jasper Bidy fail to comply with this Agreement in any other material respect, the Administrator shall proceed against Respondents as authorized by law.

11. **Entire Agreement; Amendment.** This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing by each of the parties hereto.

12. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator against Respondents, the Administrator may assist in such actions as authorized by law.

13. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

**IN WITNESS WHEREOF,** the parties have executed this Agreement as of the date and year set forth below their signatures hereto.

**LEGACY WEALTH MANAGEMENT, LLC**

By: Jasper E. Bidly, IV

Title: Managing Member

Date: 9/28/07

**JASPER E. BIDDY IV**

Jasper E. Bidly, IV

Date: 9/28/07

Address: 441 Larkspur Court  
Edmond OK 73003

**OKLAHOMA DEPARTMENT OF SECURITIES**

By: Irving L. Faught  
Irving L. Faught, Administrator

Date: October 10, 2007

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



In the Matter of:

Jasper E. Bidy IV (CRD No. 3212045), and  
Legacy Wealth Management, LLC (CRD No. 133078),

Respondents.

ODS File No. 07-098

**ORDER AGAINST JASPER E. BIDDY IV**

Pursuant to Section 1-410 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Examinations Division of the Department conducted an inspection of Legacy Wealth Management, LLC ("Legacy") and Jasper E. Bidy IV ("Bidy") (collectively, "Respondents") for the time period January 1, 2006, through April 30, 2007. Based thereon, the Enforcement Division of the Department filed an *Enforcement Division Recommendation to Revoke and Summarily Suspend Registrations* with the Administrator on July 20, 2007 ("Recommendation").

To resolve the allegations set forth in the Recommendation, the Parties entered into an *Agreement*, effective October 10, 2007 ("2007 Agreement"). Pursuant to the 2007 Agreement, a Final Order was issued against Respondents on October 10, 2007 ("2007 Order"). Subsequently, the Parties executed the *First Amendment to Agreement*, effective February 14, 2008 ("First Amendment"), and the *Second Amendment to Agreement*, effective June 12, 2008 ("Second Amendment").

Bidy remained in non-compliance with paragraph 6 of the 2007 Agreement, as amended by the First Amendment and the Second Amendment, in excess of sixty (60) consecutive days. As of the Effective Date of this Agreement, the 2007 Agreement, the First Amendment, and the Second Amendment are null and void with respect to Bidy, pursuant to paragraph 10 of the 2007 Agreement, as amended by the First Amendment. In lieu of proceeding to a hearing on the Recommendation, the Bidy voluntarily executed the Agreement relating to Jasper E. Bidy, IV that is attached hereto as "Attachment A" and incorporated herein by reference ("Agreement").

This Order is issued pursuant to Section 1-411 of the Act. The Administrator hereby adopts the Findings of Fact and Conclusions of Law set forth below.

**Findings of Fact**

1. In November 2004, Legacy registered under the Act as an investment adviser. At all times material hereto, Legacy's principal office and place of business has been located at 609 South Kelly Avenue in Edmond, Oklahoma ("Legacy's Office").



2. In November 2004, Bidy registered under the Act as an investment adviser representative of Legacy.

3. As part of the 2007 Examination, the Department reviewed the advisory fees charged by Respondents in forty-six (46) customer accounts. The advisory fees charged, during the time period January 1, 2006 through December 31, 2006, in sixteen (16) of the reviewed accounts ("Relevant Accounts") exceeded the annualized fee to be charged according to the *Legacy Wealth Management, LLC Investment Advisory Agreement* ("IA Agreement") signed by the respective accountholder(s).

4. Respondents charged eleven (11) of the Relevant Accounts advisory fees in excess of three percent (3%). Such fees exceed the industry standard, in addition to the annualized fees stated in the IA Agreements, and are unreasonable.

5. Respondents attempted to conceal from the Department their over-billing of advisory fees by altering many of the Relevant Accounts' statements they provided to the Department and by not providing a portion of the Relevant Accounts' statements to the Department for purposes of the 2007 Examination.

6. Respondents altered the account statements by removing all, or part, of the "journal" transactions described as management fees from the "Other Debit and Credit Activity" and "Chronological Recap of above Monthly Activity" sections of the statements. Respondents altered account statements for eight (8) of the Relevant Accounts.

7. Respondents failed to provide the Department with access to several of the statements for the Relevant Accounts. The missing statements for the Relevant Accounts should contain the same type of "journal" transactions for the payment of advisory fees that Respondents removed from other account statements.

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. Respondents willfully engaged in dishonest and unethical practices by doing the following in violation of 660:11-7-42 of the Rules: (a) misrepresenting the annualized advisory fees to be charged in the Relevant Accounts in the IA Agreements signed by the accountholders; (b) charging certain of the Relevant Accounts unreasonable advisory fees; and (c) altering account statements of the Relevant Accounts.

2. Respondents impeded a representative of the Administrator from conducting an audit or inspection under Section 1-410 of the Act by failing to provide access to certain account statements for the Relevant Accounts and by later submitting altered account statements for the Relevant Accounts to the Examinations Division, in violation of Section 1-410 of the Act and 660:11-7-45 of the Rules.

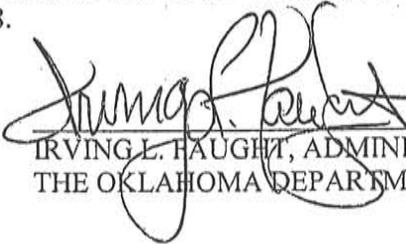
3. Respondents engaged in an act, practice, and course of business that operated as a fraud and deceit upon the accountholders of the Relevant Accounts, in violation of Section 1-502 of the Act.

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

**NOW THEREFORE, IT IS HEREBY ORDERED** that the investment adviser representative registration of Bidy is revoked, and Bidy is barred from transacting business in and/or from the state of Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 24th day of September, 2008.

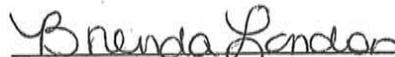
(SEAL)

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 24th day of September, 2008, a true and correct copy of the above and foregoing *Order against Jasper E. Bidy IV* was mailed, with postage prepaid thereon, addressed to:

Mr. Jasper Bidy  
17520 Charter Pines Drive  
Monument, CO 80132

  
\_\_\_\_\_  
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:

Jasper E. Biddy IV (CRD No. 3212045), and  
Legacy Wealth Management, LLC (CRD No. 133078),

Respondents.

ODS File No. 07-098

**AGREEMENT RELATING TO JASPER E. BIDDY IV**

**THIS AGREEMENT** is entered into between Jasper E. Biddy IV ("Biddy") and the Administrator ("Administrator") of the Oklahoma Department of Securities ("Department") (collectively, "Parties") as of the Effective Date set forth below.

Pursuant to Section 1-410 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Examinations Division of the Department conducted an inspection of Legacy Wealth Management, LLC ("Legacy") and Biddy (collectively, "Respondents") for the time period January 1, 2006, through April 30, 2007. Based thereon, the Enforcement Division of the Department filed an *Enforcement Division Recommendation to Revoke and Summarily Suspend Registrations* with the Administrator on July 20, 2007 ("Recommendation").

To resolve the allegations set forth in the Recommendation, the Parties entered into an *Agreement*, effective October 10, 2007 ("2007 Agreement"). Pursuant to the 2007 Agreement, a Final Order was issued against Respondents on October 10, 2007 ("2007 Order"). Subsequently, the Parties executed the *First Amendment to Agreement*, effective February 14, 2008 ("First Amendment"), and the *Second Amendment to Agreement*, effective June 12, 2008 ("Second Amendment").

Biddy remained in non-compliance with paragraph 6 of the 2007 Agreement, as amended by the First Amendment and the Second Amendment, in excess of sixty (60) consecutive days. As of the Effective Date of this Agreement, the 2007 Agreement, the First Amendment, and the Second Amendment are null and void with respect to Biddy, pursuant to paragraph 10 of the 2007 Agreement, as amended by the First Amendment. In lieu of proceeding to a hearing on the Recommendation, the Parties have executed this Agreement.

Biddy desires to expeditiously settle this matter without the adjudication of any issue of law or fact. Biddy voluntarily waives his right to a hearing provided by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities, and the Oklahoma Administrative Procedures Act, and any right to appeal.

**NOW THEREFORE**, the Parties hereto agree as follows:

1. **2007 Agreement.** Bidy remained in non-compliance with paragraph 6 of the 2007 Agreement, as amended by the First Amendment and the Second Amendment, in excess of sixty (60) consecutive days. As of the Effective Date of this Agreement, the 2007 Agreement, the First Amendment, and the Second Amendment are null and void with respect to Bidy, pursuant to paragraph 10 of the 2007 Agreement, as amended by the First Amendment.

2. **Order.** The Administrator will issue an order in the form attached hereto as "Attachment A."

3. **Revocation.** The investment adviser representative registration of Bidy shall be revoked, and Bidy shall be barred from transacting business in and/or from the state of Oklahoma as an investment adviser, investment adviser representative, broker-dealer, and/or agent.

4. **Jurisdiction.** The Administrator has jurisdiction over Respondents and the subject matter of this action.

5. **Consideration.** In consideration for this Agreement, the Administrator will not take any further action against Bidy for any conduct that was alleged in the Recommendation to have occurred prior to July 23, 2007, and/or any of the conduct that was a part of the investigation and/or disciplinary proceedings and/or suspension of Bidy.

6. **Failure to Comply.** If Bidy fails to comply with this Agreement in any material respect, the Administrator shall proceed against Bidy as authorized by law.

7. **Entire Agreement; Amendment.** This writing constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, and understandings of the Parties. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing by each of the Parties hereto.

8. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator against Respondents, the Administrator may assist in such actions as authorized by law.

9. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date and year set forth below their signatures hereto.

JASPER E. BIDDY IV

Jasper E. Biddy, IV

Date: 9-8-2008

Address: 17520 Charter Pines Drive  
Monument CO 80132

OKLAHOMA DEPARTMENT OF SECURITIES

By: Irving L. Faught  
Irving L. Faught, Administrator

Date: September 24, 2008

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

7000 0520 0022 7150 1710

Pet-Sum 13-034 TB

Postage	\$ 172	4-29-13
Certified Fee	310	
Return Receipt Fee (Endorsement Required)	255	
Restricted Delivery Fee (Endorsement Required)	4.75	
<b>Total Postage &amp; Fees</b>	<b>\$ 12.12</b>	

Postmark  
Here

Jasper E. Bidy, IV  
17520 Charter Pines Drive  
Monument, CO 80132

by mailer)

for Instructions

## Brenda London

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**From:** Brenda London  
**Sent:** Monday, April 29, 2013 1:01 PM  
**To:** 'bidy.jay@gmail.com'  
**Cc:** Terra Bonnell; Rob Fagnant  
**Subject:** Jasper E. Bidy IV  
**Attachments:** CV-13-911\_Petition\_Bidy\_13-034.pdf; CV-13-911\_Summons\_Bidy\_13-034.pdf

Mr. Bidy, attached are copies of the Summons and Petition Ms. Bonnell spoke to you about.  
Thank you,

Brenda London  
Paralegal  
OK Department of Securities  
First National Center Ste 860  
120 N Robinson  
Oklahoma City OK 73102  
[blondon@securities.ok.gov](mailto:blondon@securities.ok.gov)  
(405) 280-7700  
(405) 280-7742 Fax