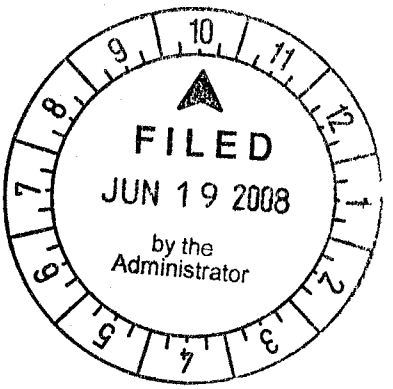
STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Richard R. Wallen
CRD No. 2019362,

Respondent. File No. ODS 08-049

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

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 ("Department").

2. That a copy of the Notice *of Opportunity for Hearing ("Notice")* with the *Enforcement Division Recommendation* ("*Recommendation*") attached was delivered to Affiant in the office of the Administrator of the Department ("Administrator") pursuant to Section 1-611 of the Oklahoma Uniform Securities Act ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).

3. That the Administrator has received service of process on behalf of Respondent 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 19th 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 19th day of June, 2008.

(SEAL)

Irving L. Faught, Administrator

Subscribed and sworn to before me this 19th day of June, 2008.

Notary Public

BRENDA LONDON
Notary Public
State of Oklahoma
Commission # 05009046 Expires 09/28/09

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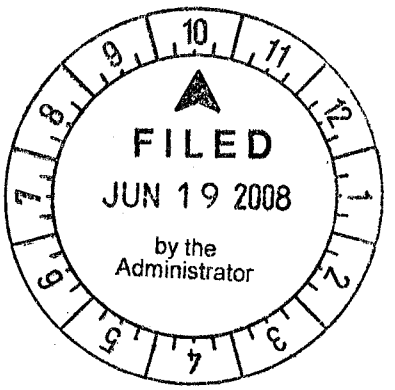


In the Matter of:

Richard R. Wallen
CRD No. 2019362,

Respondent. File No. ODS 08-049

NOTICE OF OPPORTUNITY FOR HEARING

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

2. On the 12th day of June, 2008, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondent of his right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within twenty (20) days after service of this Notice. Pursuant to Section 1-604 of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order barring Respondent from association in any capacity with a broker-dealer and/or investment adviser subject to the provisions of the Act.

5. The request for hearing shall be in writing and Respondent shall specifically admit or deny each allegation in said request as required by 660:2-9-2 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within ninety (90) days 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. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 19th day of June, 2008.

(SEAL)

Irving L. Faught, Administrator
Oklahoma Department of Securities
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102
(405) 280-7700

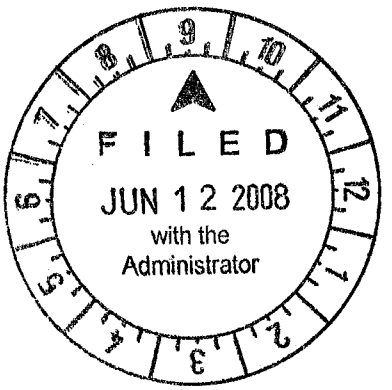
CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 19th day of June, 2008, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation 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

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:

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. Bartholdi (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 12th day of June, 2008.

Respectfully Submitted,

Rebecca Cryer

Rebecca Cryer
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
(405) 280-7700