

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



In the Matter of:

Rodney Larry Watkins, Jr. (CRD #3091936)

Respondent.

ODS File No. 12-058

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 (2011).
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 30th day of March, 2012, 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 30th day of March, 2012.

(SEAL)



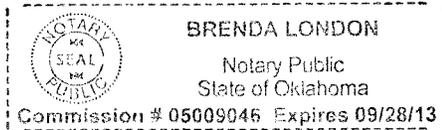
IRVING J. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 30th day of March, 2012.

(SEAL)



Notary Public



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



In the Matter of:

Rodney Larry Watkins, Jr. (CRD #3091936)

Respondent.

ODS File No. 12-058

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 (2011), an investigation was conducted into the activities of Rodney Larry Watkins, Jr. (Respondent), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 29th day of March, 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 Respondent of his obligation to file an answer and her 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.

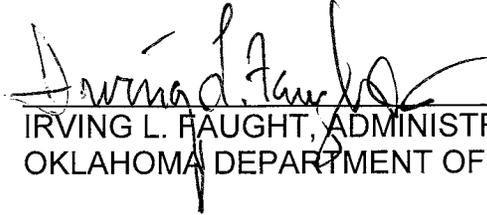
5. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order barring Respondent from future registration under the Act in any capacity and barring Respondent from association with a broker-dealer or investment adviser in any capacity, 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 30th of March, 2012.

(SEAL)



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

CERTIFICATE OF MAILING

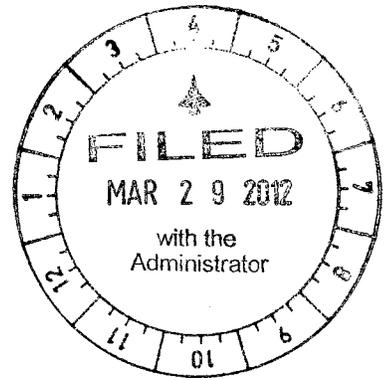
The undersigned hereby certifies that on the 30th day of March, 2012 a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Rodney Larry Watkins, Jr.
104 East 13th Street
Sand Springs, OK 74063



Brenda London, Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Rodney Larry Watkins, Jr. (CRD #3091936)

Respondent.

ODS File No. 12-058

ENFORCEMENT DIVISION RECOMMENDATION

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), and 660:11-5-43 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules") (effective July 1, 2007), Okla. Admin. Code §§ 660:1-1-1 through 660:25-7-1, the Oklahoma Department of Securities (Department) conducted an investigation of certain activities of Rodney Larry Watkins, Jr. (Watkins) in connection with the offer and/or sale of securities in and/or from Oklahoma. Based thereon, the Enforcement Division of the Department submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department (Administrator) in support of sanctions against Respondent Watkins.

Findings of Fact

1. Watkins first registered as a broker-dealer agent under the Oklahoma securities laws in December 1998. Watkins was registered as a broker-dealer agent and an investment adviser representative of Ameriprise Financial Services, Inc. (AFS) from March 2009 to October 2011. Watkins is currently employed by Southeast Investments, N.C., Inc. and filed for broker-dealer agent registration under the Act on February 24, 2012. The registration is pending.

2. In July 2011, AFS's surveillance unit flagged Watkins on its "turnover/velocity report". As a result, an AFS surveillance analyst contacted a Watkins' client who indicated she had not been informed by Watkins of recent trades in her account. An investigation was then conducted by AFS.

AFS Investigation

3. AFS conducted a series of investigatory interviews of Watkins in his Tulsa, Oklahoma office from August 3rd through 5th, 2011.

4. Watkins admitted to exercising discretion in multiple client accounts. Watkins stated he would discuss strategy with clients and obtain their general consent to make unspecified trades in their accounts.

5. Watkins did not have written discretionary trading authorization with respect to his clients.

6. Watkins admitted to being involved in two limited liability companies. These companies and/or their activities were not disclosed by Watkins to AFS as outside business activities.

7. During the course of the AFS investigation, documents were discovered to have inconsistent client signatures that AFS investigators concluded Watkins used "recycled" signatures from previously signed client documents.

8. Watkins admitted that he signed clients' names to forms to expedite business.

9. AFS's investigation determined that Watkins had violated the firm's policies relating to: Discretionary Power; Unacceptable Activities Transactions (discretion); Pre-Signed Forms and Applications; Forgery, Signature Stamps, and Other Signature Issues; and Annuity Overview.

10. As a result of the investigation, and after being suspended by AFS, Watkins resigned.

Department Review

11. In November 2011, AFS filed a Form U-5 amendment to Watkin's FINRA CRD record stating that he had violated the firm's policies on discretionary power; unacceptable activities transactions; pre-signed forms and applications; forgery; signature stamps and other signature issues and annuity overview.

12. The AFS Form U-5 amendment was brought to the attention of the Department's examinations division (Examinations).

13. Examinations verified the results of the AFS investigation.

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

Authorities

1. Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007) ("Rules") states, in pertinent part:

(a) Purpose. This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) Standards.

(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.

* * *

(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 stated individuals 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;

* * *

(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.

* * *

(22) The following standards shall apply to supervisory procedures:

(A) Each broker-dealer shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of each registered agent and associated person to assure compliance with applicable securities laws, rules, regulations and statements of policy promulgated by the Administrator and/or the Commission under the Securities Act.

2. FINRA Rule 3270 *Outside Business Activities of Registered Persons* states:

No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such a form as specified by the member. Passive investments and activities subject to the requirements of NASD Rule 3040 shall be exempted from this requirement.

3. Section 1-411 of the Act provides, 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[.]

* * *

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. Watkins engaged in unethical practices in violation of 660:11-5-42 of the Rules by:
 - a. exercising discretionary power in customer accounts without written client authorization,
 - b. signing clients' names to numerous client documents,
 - c. using "recycled" client signatures on documents,
 - d. engaging in prohibited conduct constituting violations of AFS's supervisory procedures, and
 - e. engaging in outside business activities without receiving prior authorization from AFS.

2. The Administrator is authorized to impose a bar on Watkins' registrations under the Act and impose civil penalties against Watkins, pursuant to Section 1-411 of the Act.

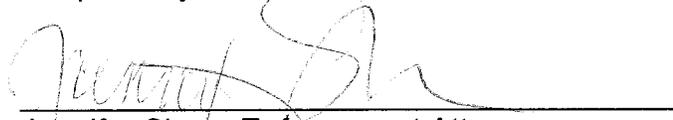
3. It is in the public interest for the Administrator to impose a bar from future registration under the Act in any capacity, to bar Respondent Watkins from association with a broker-dealer or investment adviser in any capacity, and/or to impose a civil penalty against Watkins.

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 Watkins from future registration under the Act in any capacity, barring Respondent from association with a broker-dealer or investment adviser in any capacity, and/or imposing such other sanctions as appropriate and authorized by law.

Dated this ^{29th} 21 day of March, 2012.

Respectfully submitted,



Jennifer Shaw, Enforcement Attorney
Amanda Cornmesser, Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700
Facsimile: (405) 280-7742
Email: jshaw@securities.ok.gov
acornmesser@securities.ok.gov