

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



In the Matter of:

Van Russell (CRD No. 2671689),

Respondent.

File No. ODS 07-096

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

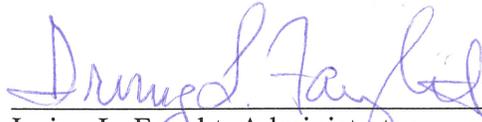
The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

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 21st day of September, 2009, 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.

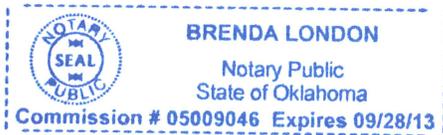
FURTHER AFFIANT SAYETH NOT.

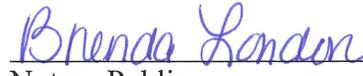
Dated this 21st day of September, 2009.

(SEAL)


Irving L. Faught, Administrator

Subscribed and sworn to before me this 21st day of September, 2009.




Notary Public

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



In the Matter of:

Van Russell (CRD No. 2671689),

Respondent.

File No. ODS 07-096

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 Van Russell, in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 11th day of September, 2009, 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 fifteen (15) days after service of this Notice. Pursuant to Section 1-411 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.

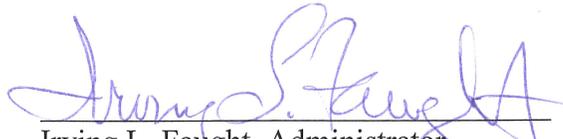
5. The request for hearing shall be in writing and Respondent shall specifically admit or deny each allegation in said request as required by 660:2-9-2 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

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 21st day of September, 2009.

(SEAL)

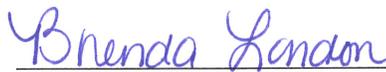


Irving L. Faught, Administrator
Oklahoma Department of Securities
First National Center, Suite 860
120 North Robinson
Oklahoma City, Oklahoma 73102
(405) 280-7700

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 21st day of September, 2009, 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:

Van Russell
18817 Otter Creek Drive
Edmond, OK 73012



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:

Van Russell (CRD No. 2671689),

Respondent.

File No. ODS 07-096

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 (Supp. 2003), and Section 405 of the Oklahoma Securities Act (Predecessor Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Van Russell (Russell) to determine whether certain violations of the Act, the Predecessor Act, and/or the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) may have occurred.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department (Administrator), or his designee, in support of the issuance of an order barring Russell from association with a broker-dealer and/or investment adviser in any capacity and from offering and/or selling any security.

Findings of Fact

1. From September of 1995 through January of 2008, Russell was registered under the Predecessor Act and the Act as an agent of Morgan Stanley Dean Witter, Inc. (Morgan Stanley), a registered broker-dealer. In August of 2005, Morgan Stanley terminated Russell due to a reduction in force. Russell was later registered under the Act with Capital West Securities, Inc. and Bancwest Investments Services, Inc. Since January of 2008, Russell has not been registered under the Act.

2. As early as 2003, Russell engaged in the issuance, offer, and/or sale of various investments in and/or from Oklahoma including, but not limited to, shares of stock and real estate interests issued by Abundant Storage, LLC (Abundant Storage) (Investment Interests).

3. Russell recommended the purchase of the Investment Interests to his Morgan Stanley clients, while registered as an agent of Morgan Stanley.

4. The Investment Interests offered and subsequently sold by Russell were not transactions effected through or on behalf of Morgan Stanley and were outside the scope of his relationship or affiliation with Morgan Stanley.

5. Russell did not provide written notice to Morgan Stanley of the proposed securities transactions and/or outside investment activities described above and his role therein.

6. Russell directed investors to remit their money directly to Abundant Storage, through which commissions were transferred to Russell.

Investor Maupin

7. In 2003, Russell encouraged Investor Maupin, an Oklahoma resident and Morgan Stanley client, to invest his retirement savings in Abundant Storage stock. At the time, Russell was Investor Maupin's broker at Morgan Stanley.

8. Russell represented to Investor Maupin that he could purchase shares in a storage business and make an 8% profit on the investment. Russell also represented that he himself was already an investor and that it was a "good deal."

9. On or about June 3, 2003, Investor Maupin sent Abundant Storage a check in the amount of \$25,000 to purchase one share of Abundant Storage. Russell provided the mailing address of Abundant Storage to Investor Maupin.

10. Beginning in 2004, Investor Maupin received dividend checks from Abundant Storage signed by Charles Smith (Smith). The checks were mailed to Investor Maupin in Morgan Stanley envelopes.

Investor Jerlow

11. In February of 2004, Russell solicited Investor Jerlow to invest in Abundant Storage. At the time, Russell was Investor Jerlow's broker at Morgan Stanley. At the time, Russell was Investor Maupin's broker at Morgan Stanley.

12. Russell explained to Investor Jerlow that he himself was already a "big" investor with Abundant Storage.

13. On or about February 4, 2004, Investor Jerlow wrote a check to Abundant Storage in the amount of \$50,000 to purchase shares in a storage business.

14. Investor Jerlow did not receive any return on her investment from Abundant Storage.

Investor Gonce

15. In April of 2003, Russell solicited Investor Gonce to invest in Abundant Storage. At the time, Russell was Investor Gonce's broker at Morgan Stanley.

16. Russell explained to Investor Gonce that he knew Smith, who owned land on which a storage facility would be built.

17. On April 14, 2003, Investor Gonce wrote a check to Abundant Storage in the amount of \$25,000 to purchase shares in a storage business.

18. Russell solicited Investor Gonce for another investment in Abundant Storage on July 21, 2004. Investor Gonce wrote Abundant Storage a check for \$50,000 to purchase shares in the storage business. Russell received one share of Abundant Storage stock as a commission for Investor Gonce's investment.

19. Investor Gonce received dividend checks from Abundant Storage signed by Smith. In July of 2007, Investor Gonce contacted Russell because he was no longer receiving dividend checks. Russell faxed Investor Gonce a letter explaining that Abundant Storage was in receivership and Smith had committed suicide.

Other Findings

20. The Investment Interests were not registered under the Act or the Predecessor Act.

21. Based upon the foregoing conduct, it is in the public interest to issue an order barring Russell from association with any broker-dealer and/or investment adviser in any capacity and from offering and/or selling any security.

To the extent any of these Findings of Fact should be considered Conclusions of Law, they should be so considered.

Authorities

1. Section 1-701 of the Act provides in pertinent part:

The predecessor act exclusively governs all actions or proceedings that are pending on the effective date of this act or may be instituted on the basis of conduct occurring before the effective date of this act[.]

2. Section 2 of the Predecessor Act provides in part:

* * *

(d) "*Agent*" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

* * *

(v) "Security" means any:

* * *

(2) stock;

* * *

(7) certificate of interest or participation in any profit-sharing agreement;

* * *

(11) investment contract[.]

3. Section 1-102 of the Act provides in part:

* * *

2. "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. A partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act;

* * *

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

4. Section 301 of the Predecessor Act provides:

It is unlawful for any person to offer or sell any security in this state unless:

- (1) it is registered under this act or the security or transaction is exempted under Section 401 of this title; or
- (2) it is a federal covered security.

5. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
2. The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
3. The security is registered under this act.

6. Subsection (b) of Rule 660:10-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Predecessor 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 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.

7. 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.

8. Section 406 of the Predecessor Act provides in part:

- (a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

* * *

- (3) bar or suspend the person from association with a broker-dealer or investment adviser subject to the provisions of the Oklahoma Securities Act;

* * *

- (5) issue an order against a person who willfully violates the Oklahoma Securities Act or a rule or order of the Administrator under the Oklahoma Securities Act, imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings[.]

9. 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[.]

10. NASD Conduct Rule 3030, "Outside Business Activities of an Associated Person", provides in pertinent part as follows:

No person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to the member. Such notice shall be in the form required by the member.

11. NASD Conduct Rule 3040, "Private Securities Transactions of an Associated Person", provides in pertinent part as follows:

Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided however that, in the case of a series of related transactions in which no selling compensation has been or will be received; an associated person may provide a single written notice.

Conclusions of Law

1. Russell offered and sold unregistered securities in Oklahoma, in violation of Section 301 of the Predecessor Act and/or Section 1-301 of the Act.

2. Russell engaged in certain securities transactions in violation of NASD Rules 3030 and 3040.

3. Russell engaged in dishonest or unethical practices in violation of subsection (b) of 660:10-5-42 of the Predecessor Rules and subsection (b) of 660:11-5-42 of the Rules.

4. The Administrator is authorized to bar Russell from association with a broker-dealer or investment adviser in any capacity and from offering and/or selling any security.

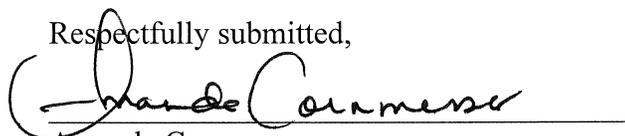
5. It is in the public interest to bar Russell from association with any broker-dealer or investment adviser in any capacity and from offering and/or selling any security.

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 Russell from association with any broker-dealer and/or investment adviser in any capacity and from offering and/or selling any security and/or imposing any other sanctions(s) as deemed appropriate and as authorized by law.

Dated this 11th day of September, 2009.

Respectfully submitted,

A handwritten signature in cursive script, reading "Amanda Cornmesser", is written over a horizontal line.

Amanda Cornmesser
Oklahoma Department of Securities
120 N. Robinson, Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700