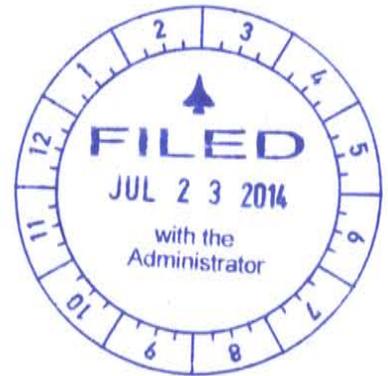


STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER
120 NORTH ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Rodney Larry Watkins, Jr. (CRD #3091936);
Southeast Investments, N.C. Inc. (CRD #43035); and
Frank H. Black (CRD #22451);

Respondents.

ODS File No. 12-058

DEPARTMENT'S MOTION FOR SUMMARY DECISION

The Oklahoma Department of Securities (Department) moves the Administrator to grant a summary decision on its behalf based on the undisputed material facts set forth herein and the applicable law discussed below.

BACKGROUND

On March 26, 2013, the Enforcement Division of the Department filed a recommendation under the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), alleging that Rodney Larry Watkins, Jr. (Watkins) violated a previous order of the Administrator by transacting business in and/or from the state of Oklahoma as an agent without the benefit of registration under the Act and that Frank Black (Black) and Southeast Investments, N.C. Inc. (Southeast) failed to supervise Watkins in violation of 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules), Okla. Admin. Code §§ 660:1-1-1 through 660:25-7-1 (2013 Recommendation).

On April 30, 2014, the Department entered into an agreement with Watkins, leaving only Southeast and Black as parties. In discovery, Southeast and Black provided the Department with

copies of Southeast's Written Supervisory Procedures dated August 2013 (WSPs). The Department, in April and May of 2014, deposed Black, Watkins, and Lamar Guillory (Guillory), another agent of Southeast who is located in Oklahoma. On June 20, 2014, the Department supplemented its 2013 Recommendation to allege that Southeast failed to establish, maintain and enforce written procedures that enable Southeast to supervise properly the activities of Southeast's registered agents and associated persons to assure compliance with applicable securities laws, rules, and regulations (Supplemental Recommendation). Black and Southeast (collectively, Respondents) filed their response to the Supplemental Recommendation on July 15, 2014 (Response).

STATEMENT OF FACTS

1. Southeast became registered as a broker-dealer on May 8, 2009, under the Act, and has been a member of the Financial Industry Regulation Authority (FINRA) since July 1, 1997. *See Ex. A, Southeast's Central Registration Depository (CRD) record.*

2. Black, a South Carolina resident, is the owner and control person of Southeast. In addition to these duties, Black is Southeast's Chief Compliance Officer, Financial and Operations Principal, and "Designated Supervisory Principal" (the title used to designate particular authority and responsibilities in Southeast's WSPs). Black has not been registered under the Act in any capacity. *Admitted in ¶ 1-25(A) and ¶ 28 of the Response.*

3. Watkins was first registered as an agent under the Act in December 1998. From March 2009 until October 2011, Watkins was registered as an agent of Ameriprise Financial Services, Inc. (AFS). Watkins was allowed to resign as a result of an internal AFS investigation. AFS filed a Uniform Termination Notice for Securities Industry Registration (Form U-5) with CRD stating that Watkins had violated the firm's policies relating to "discretionary power;

unacceptable activities/transactions; pre-signed forms and applications; forgery; signature stamps; and other signature issues and annuity overview.” Watkins became an agent of Southeast in February of 2012 and designated an address in Tulsa, Oklahoma as his business address. *Admitted in ¶ 1-25(A) of the Response. See also Ex. B, Watkins’ CRD record.*

4. In April of 2012, Guillory became affiliated with Southeast as an agent under the Act. Guillory offered and sold securities in and/or from Tulsa, Oklahoma. *Admitted in ¶ 26 of the Response.*

Respondents’ Abdication of Supervisory Responsibilities

5. Southeast’s main office, located in Charlotte, North Carolina, is designated as Guillory’s and Watkins’ office of supervisory jurisdiction. *Admitted in part in ¶ 1-25(A) of the Response. See also Ex. B, Watkins’ CRD record and Ex. C, Guillory’s CRD record.*

6. Black is responsible for directly supervising all of Southeast’s approximately one hundred and forty-five (145) agents as well as its associated persons. *Admitted in ¶ 29 of the Response.*

7. The Southeast agents are geographically dispersed throughout the United States mostly in one or two-agent offices. Many of the agents are independent contractors who conduct outside business activities. *Admitted in ¶ 30 of the Response.*

8. For purposes of supervision, Southeast does not maintain a system of branch offices or regional offices of supervisory jurisdiction, but instead relies entirely on Black to supervise all agents. *Admitted in ¶ 31 of the Response.*

9. Southeast does not provide compliance training to its agents but merely distributes the WSPs and any regulatory updates via email. In connection with his duty to ensure compliance, Black relies primarily upon representations made by the agents and statements made

in their purported annual compliance interviews. Although written records of such interviews are required by the WSPs, Southeast and Black have not provided written records of any compliance interviews with Watkins and Guillory in response to two separate discovery requests. *See Exhibit D, Black Dep. 61:10-23, 76:2-14, and see also Exhibit E, email with Patrick Waddel dated May 16, 2014.*

10. Black supervises all agents in the same manner regardless of a particular agent's disciplinary history or any other reason that might justify heightened supervision. *See Exhibit D, Black Dep. 20:20-22:19.*

Electronic Communications

11. The WSPs provide that electronic communications shall be reviewed and approved by Black and retained by Southeast. *See Southeast's WSPs at pp. 33-34, Exhibit F.*

12. Southeast has no procedure in place to enable Southeast or Black to see and approve agents' securities related emails, but merely relies on the agents' good faith efforts to forward their emails to Southeast. *See Exhibit F, see also Exhibit G, Email and Electronic Communications Acknowledgment Form, and Exhibit D, Black Dep. 40:18- 41:20.*

13. Contrary to the WSPs, Guillory stated that he does not provide his emails to Southeast. *See Exhibit H, Guillory Dep. 59:5-8.*

CRD Updates

14. The WSPs provide that Southeast and Black must report to CRD any disclosable event, including administrative actions, within ten (10) days of the event. *Admitted in ¶ 39 of the Response.*

15. Southeast and Black did not timely report the proceeding on the 2013 Recommendation on CRD with regards to Watkins. *Admitted in ¶ 40 of the Response.*

16. When Southeast and Black finally reported the 2013 Recommendation, more than a year after the 2013 Recommendation was filed, the information was not reported accurately. *Admitted in ¶ 41 of the Response.*

17. In June 2013, Watkins directed Southeast to update his business and residential addresses on CRD. Neither Southeast nor Black updated Watkins' business and residential addresses until November 2013, leaving Watkins' CRD profile inaccurate for almost five (5) months. *Admitted in ¶ 42 of the Response.*

Order Tickets

18. The WSPs provide that the agent shall complete order tickets and submit them to Black for approval. *Admitted in ¶ 43 of the Response.*

19. Contrary to the WSPs, agents do not complete order tickets, but instead call in orders over the phone to one or more of Southeast's employees in the Southeast's Charlotte, North Carolina office. *Admitted in ¶ 44 of the Response.*

20. The WSPs provide that Black review all order tickets daily to determine, *inter alia*, suitability of each trade for each customer. *Admitted in ¶ 45 of the Response.*

21. Black approves the securities transactions by initialing the daily trade blotter but does not review all of the transactions for suitability purposes. *See Exhibit D, Black Dep. 37:3-38-6.*

STANDARD OF REVIEW

Rule 660:2-9-3 of the Rules provides for the filing of motions for summary decision in an administrative proceeding initiated under the Act. The rule authorizes a summary decision when it appears that there is no substantial controversy as to any material fact and the moving party is

entitled to judgment as a matter of law. There are no *material* facts in dispute and, as set forth below, the Department is entitled to judgment as a matter of law.

ARGUMENTS AND AUTHORITY

I. The Department has jurisdiction over Southeast.

The securities regulatory scheme under Oklahoma law is set forth in the Act. The Act is based on the Uniform Securities Act of 2002 as approved by the National Conference of Commissioners on Uniform State Laws. Governing the securities-related actions of those operating within the state of Oklahoma is a key objective of the Act. *See Lintz v. Carey Manor Ltd.*, 613 F. Supp. 543, 551 (W.D. Va. 1985).

Southeast, when it applied to become a broker-dealer registered under § 1-401 of the Act, subjected itself to the jurisdiction of the Department. Southeast has also associated with two agents that are physically located in Oklahoma and registered under the Act as agents of Southeast and, thereby, Southeast has duties under the Act and Rules to properly supervise those agents.

As a broker-dealer registered under the Act, Southeast is not at liberty to pick and choose the sections of the Act and the Rules with which it wishes to comply. Rather, Southeast is subject to the entire Act and Rules, including, but not limited to, creating and maintaining the records required by the Act and Rules, submitting to inspections by the Department whether within the state of Oklahoma or without, and complying with the standards of ethical practice. *See Sections 1-410 and 1-411 of the Act and 660:11-5-42 of the Rules.*

II. Respondents' failure to establish, maintain, and enforce an effective supervisory system constitutes unethical practices in the securities business.

Rule 660:11-5-42 sets forth the standards of ethical practices to which broker-dealers registered under the Act must comply. Noncompliance with those standards constitutes unethical practices in the securities business. *660:11-5-42 of the Rules.*

Rule 660:11-5-42(b)(1) specifically provides that a broker-dealer registered under the Act shall not violate any rule of a national securities association of which it is a member. FINRA, the national securities association of which Southeast is a member, has a rule that requires members to establish and maintain a system to supervise the activities of each registered representative¹, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. *NASD Rule 3010*².

NASD Rule 3010 specifies the minimum requirements of an acceptable supervisory system including that the member establish, maintain and enforce written supervisory procedures; designate principals and an office of supervisory jurisdiction (OSJ) structure to supervise registered representatives; and establish procedures for the review and retention of written and electronic correspondence between registered representatives and clients.

¹ The Act refers to persons who represent a broker-dealer in effecting or attempting to effect purchases or sales of securities as "agents" of their associated broker-dealer. However, federal securities laws and FINRA refer to the same individuals as "registered representatives" of their associated broker-dealer. The words "agent" and "registered representative" as used herein shall have the same meaning.

² In 2007, the National Association of Securities Dealers (NASD) consolidated with NYSE Regulation (NYSE) and began operating under the name of FINRA. Although FINRA has begun consolidating the NASD and NYSE rules into new rules under the name of FINRA, the process is not complete, and certain of the NASD rules, as well as their interpretive rulings, are still applicable to FINRA member firms. The NASD Rules cited in this brief were in effect at the time of the alleged violations and apply to Southeast as a member of FINRA. The applicable rules are available at www.finra.org/rules.

A. Respondents failed to establish an adequate supervisory system with regard to their chosen business structure.

Members must design and implement a supervisory system that is “appropriate for their specific businesses and structures.” NASD Notice to Members 99-45, 1999 WL 33176539 (June 1999). NASD Rule 3010 requires that the member designate OSJs as required by the Rule, or where necessary in consideration of other factors specified by the Rule, including in situations where registered representatives’ locations are geographically dispersed and geographically distant from their OSJ; designate appropriately registered principals in each OSJ and each non-OSJ branch office to supervise those offices; and assign each registered representative to an appropriately registered principal for supervising that person’s activities. As offices under the supervision of a broker-dealer become more “numerous, dispersed and distant,” the need for control increases. *In the Matter of Prospera Financial Services, Inc.*, SEC Release No. 34-43352, 2000 WL 1424360 *5 (September 26, 2000). A broker-dealer should, therefore, have a system in place to effectively supervise its agents when the firm’s structure includes using independent contractors dispersed throughout the country. *In the Matter of Royal Alliance Associates, Inc.*, S.E.C. Release No. 34-38174, 1997 WL 13023 *5 (1997). Furthermore, a broker-dealer should have sufficient staffing and resources to implement the system and a system for follow up and review to ensure the system is being exercised. *In the Matter of Prospera Financial Services, Inc.*, at *5.

Southeast primarily employs independent contractors in small one or two person offices, many of which are located far from Southeast’s home office in North Carolina. While this sort of structure creates greater challenges in supervision than those in a more traditional firm structure, the broker-dealer must still meet the same high standards of supervision. *In the Matter of Royal Alliance Associates, Inc.*, at *6.

Southeast has not addressed the challenges created by its chosen structure. Instead of designating OSJs and assigning registered principals to supervise particular offices or regions as required by FINRA, Southeast has designated its Charlotte, North Carolina office as the only OSJ and Black as the only OSJ Supervisor for all of its approximately 145 agents whether they are located in North Carolina, California or Oklahoma. Clearly, many of Southeast's agents, including Watkins and Guillory in Oklahoma, are geographically distant from their OSJ, and Southeast's agents are geographically dispersed from each other.

In addition to Black's role as the OSJ Supervisor over all of Southeast's 145 odd agents, Black's positions at Southeast include, among others, Chief Compliance Officer, Financial and Operations Principal, and Designated Supervisory Principal. Southeast's supervisory system assigns so much responsibility to Black that it is impossible to expect Southeast to achieve compliance with applicable securities laws, regulations, or rules.

Broker-dealers have also been warned that they should consider whether they have an appropriate number of registered principals located in places sufficient to effectively supervise off-site representatives. NASD Notice to Members 86-65, 1986 WL 591919 (September 1986). Although the Department is unaware of any jurisdiction that has officially set a maximum ratio of registered principal to number of agents supervised, at least two states have considered the matter in connection with a broker-dealer's supervisory system and implemented a ratio far less than Southeast's ratio of 1 principal to 145 agents. Pennsylvania issued an agreed order under its securities laws concluding that the firm failed to reasonably supervise its agents where they assigned one principal to 116 agents. *In the Matter of Ameriprise Financial Services, Inc.*, Docket No. 2008-03-25, 2009 WL 387148 (Pa. Sec. Com. 2009). Florida has issued orders under its securities laws requiring firms to maintain principal to agent ratios of 1 to 4 and 1 to 8

in connection with agreed orders. *In re: Cantella & Co., Inc.*, Admin. Proceeding No. 3424-S-02/02, 2002 WL 31235051 (Fla. Dept. Bank. Fin. 2002); *In re: FFP Securities, Inc.*, Admin. Proceeding No. 3030-S-11/00, 2003 WL 22098881 (Fla. Dept. Bank. Fin. 2003). Even with no other responsibilities than those related to supervision, one man is insufficient to effectively supervise 145 agents that are so geographically dispersed and distant from that man's home base.

The implementation of an effective system for supervising remote offices becomes even more important when the broker-dealer chooses to employ agents with a history of compliance related concerns or other conduct that could be a "red flag" for future misconduct. *In the Matter of the Application of Robert J. Prager and James Alexander for Review of Disciplinary Action Taken by the NASD*, SEC Release No. 34-51974, 2005 WL 1584983, *11 (July 6, 2005). "Extraordinary supervision of a registered representative with a disciplinary past is particularly appropriate when that representative operates out of a one-person office located a substantial distance away from supervisory or compliance personnel." *In the Matter of Signal Securities, Inc.*, SEC Release No. 34-43350, 2000 WL 1423891, *6 (September 26, 2000).

Black has stated that he considers all of Southeast's agents to be on "heightened supervision," and therefore, he treats all of Southeast's agents the same despite the potential need for additional supervision. *See* Exhibit D, Black Dep. 20:20-22:19. Watkins came to Southeast having been allowed to resign from his previous broker-dealer, AFS. AFS filed a Form U-5 to Watkins' CRD record stating that Watkins had violated the firm's policies relating to "discretionary power; unacceptable activities/transactions; pre-signed forms and applications; forgery; signature stamps; and other signature issues and annuity overview." In addition, the Department had filed a recommendation against Watkins in March 2012 relating to those same issues. Although the Department allowed Watkins to become registered under the Act as an

agent of Southeast, Watkins agreed to significant sanctions including the imposition of a back-dated suspension of his registration. Respondents should have recognized the seriousness of Watkins' prior conduct and placed him under heightened supervision, even more so because Watkins was located so far from North Carolina in a small office where he was conducting other types of business.

Instead, Southeast allowed Watkins to operate out of a small office with no immediate supervision. Because Watkins was located so far from Respondents, Southeast conducted Watkins' annual compliance interviews by telephone rather than in person. Because Watkins' office was not identified as being a "branch office," Southeast's WSPs only required an actual on-site inspection once every three years. Even if Watkins' office was identified as a branch office, it would only be subject to on-site inspection once a year. These are not effective procedures where you have an agent with prior disciplinary history located in a remote small office. *In the Matter of Royal Alliance Associates, Inc.*, at *6 (firm's pre-announced inspection even if conducted once a year would likely be inadequate supervision of small remote offices); *In the Matter of Consolidated Investment Services, Inc.*, S.E.C. Release No. 34-36687, 1996 WL 20829, *4 (January 5, 1996) (unverified averments by agents were not adequate substitute for on-site inspections).

B. Respondents failed to enforce their WSPs.

Rule 660:11-5-42(b)(22) specifically requires a broker-dealer to establish, maintain, and enforce written procedures to supervise the activities of each of its registered agents and associated persons to assure compliance with applicable securities laws, rules and regulations, and statements of policy promulgated under the Act. NASD Rule 3010 also requires that the firm's supervisory system must be set forth in written supervisory procedures. Written

supervisory procedures document the supervisory system that has been established to ensure that compliance guidelines are being followed by registered agents and to prevent and detect prohibited practices. *NASD Notice to Members 99-45* (June 1999).

NASD Rule 3010(d) specifically requires a broker-dealer to make provisions for the review of all transactions. Southeast's WSPs require the agent to complete an order ticket upon taking their customer's order and send the order tickets to the Designated Supervisory Principal for review. Contrary to the WSPs, the order tickets are not completed by the customer's agent but instead are called in to Southeast's OSJ by the agent and completed by a Southeast employee. Respondents admit in their Response that they do not follow the WSPs as to this procedure.

Southeast's WSPs also require the Designated Supervisory Principal to review all orders tickets daily and evidence his approval of the transaction by initialing the daily trade blotter. According to the WSPs, the Designated Supervisory Principal should ensure that, prior to executing a transaction involving a recommended security, a review is conducted to determine *inter alia* whether a transaction is inconsistent with the client's investment objectives and financial resources. These are issues of whether a particular transaction is suitable for a client. Respondents claim that all customers are subjected to a suitability review when their account is opened and a "review need not be repeated every time the same customer buys a share of stock." *See Respondents' Response and Objection to the Department's Motion for Leave to Supplement Recommendation* ¶ 9, pp. 5-6. And yet, Southeast's clearly worded WSPs require that they do just that. Respondents are not fulfilling their supervisory duties by failing to execute the WSPs with respect to the suitability of transactions.

C. Respondents failed to review and retain electronic correspondence.

NASD Rule 3010(d) requires that a broker-dealer establish procedures for “review by a registered principal of incoming and outgoing written and electronic correspondence of its registered representatives with the public” relating to its securities business. Effective supervisory systems for electronic communications should contain clear policies and procedures. *FINRA Regulatory Notice 07-59*, 2007 WL 4351164 (December 2007). If a firm allows its agents to communicate with clients through a third-party e-mail platform, the firm is still required to supervise and retain those communications. *Id.* at 8.

A broker-dealer has flexibility in tailoring procedures for the review of its agent’s emails in a manner that is appropriate for its business model; however, all broker-dealers must have the ability to flag emails that may evidence misconduct. FINRA News Release, FINRA Fines MetLife Securities and Affiliates \$1.2 Million for Email Supervision Failures (November 18, 2009) and related FINRA Letter of Acceptance, Waiver and Consent No. 2006006777801, Metlife Securities, Inc. et al. (November 18, 2009). MetLife’s supervisory procedures mandated that a principal would review all incoming and outgoing securities-related email communications of its agents; however, MetLife relied on their agents to forward their emails to a principal for review. FINRA found Metlife had no system in place to monitor the email communications of its agents to determine if its agents actually forwarded their emails for review and as a result had failed to recognize clear indications of undisclosed outside business activities and other misconduct by agents. *Id.* FINRA found that annual branch audits and spot checking computers were not effective means of detecting deficiencies in connection with a system that provided for e-mail forwarding. *Id.* In a press release, FINRA’s Executive Vice President and Chief of Enforcement stated that “relying on brokers to provide copies of their own emails to supervisors for review is hardly an effective means to detect such misconduct.” *Id.*

Southeast's supervisory system for e-mails does not contain effective and clear policies and procedures. Southeast's WSPs nominally address the supervision of email correspondence by providing that Black shall be responsible for ensuring that the use of electronic communications is in compliance with applicable laws. However, Southeast allows its agents to communicate with clients through their own personal e-mail platforms, and it does not have an effective system in place to review those e-mails directly and in a timely manner. Instead, Southeast's policy merely requires that the agents forward their securities related emails to Southeast. Southeast does not even require that the e-mails be forwarded within a particular time. Furthermore, because Southeast rarely conducts on-site inspections of its agents (in the time since Watkins and Guillory have been registered as agents of Southeast, Black has not once visited their place of business), Southeast has no way of adequately determining whether its agents are even submitting the e-mails they are supposed to be submitting. Respondents' reliance on the "good faith" compliance of agents to submit electronic correspondence and failure of their WSPs to address the procedure for review is inadequate.

Contrary to Respondents' assertions in its Response, the Department is not concerned with an agent's personal e-mail accounts or those relating to an agent's other, non-securities related business, at least to the extent that those accounts are not used for securities related business. However, where an agent uses an e-mail account, even a personal one or one designated for the agent's other business activities, in connection with his securities related business, the broker-dealer is required to have a system in place to adequately supervise those communications. *FINRA News Release, LPL to Pay \$9 Million for Systemic Email Failure and for Making Misstatements to FINRA (May 21, 2013) and related FINRA Letter of Acceptance, Waiver and Consent No. 2012032218001, LPL Financial LLC (May 21, 2013).*

In the present matter, Watkins, while suspended in Oklahoma, had email correspondence via a personal email account with at least one Oklahoma customer relating to securities business. This email correspondence was forwarded to Guillory and was only discovered by the Department when it served discovery requests on Guillory. Southeast did not provide the e-mail to the Department in connection with discovery requests directed to Southeast. Guillory testified that he did not forward e-mails to Southeast and was never asked to do so.

Southeast, under NASD Rule 3010(d), also has a duty to review and retain the e-mails between clients and its agents. Either Southeast did not retain the Guillory e-mail or, as Guillory has represented, Southeast never had the e-mail in the first place. Either way, Southeast failed to comply with NASD Rule 3010(d).

III. Respondents failed to timely and accurately make important reports on Form U-4s.

Section 1-406(B) of the Act provides that if any information filed in a registrant's application becomes inaccurate, he shall promptly file a correcting amendment. As outlined in FINRA Rule 1122, "No member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." The Department and FINRA both require that an agent file with CRD the Uniform Application for Securities Industry Registration or Transfer (Form U-4) to become registered and keep the Form U-4 current while registered. Form U-4 requires agents to list their business and residential addresses and to list any disciplinary actions.

The CRD system is joint property of FINRA and state securities regulators, including the Department. Broker-dealers and agents applying to become registered in Oklahoma under the Act are required to file registration statements with the CRD, and amend the information if it

becomes inaccurate. The Department uses the CRD system to maintain the broker-dealers and agents' registration information. Individual agents do not ordinarily have the ability to access their CRD record directly, but are required to advise their broker-dealer when a particular section needs to be updated.

Watkins sent a request to Southeast requesting that his business and residential address be updated. Southeast took five (5) months to follow Watkins' directions and make the requested change. The CRD information, including business and residential addresses of agents, is relied on by the Department to present a complete and accurate record "which can be used in conjunction with, *inter alia*, license renewals or revocations, requests for public inspection and to ascertain the existence of patterns of misconduct warranting regulatory intercession." *In re UBS Fin. Servs., Inc.*, 851 N.Y.S.2d 75 (Sup. Ct. 2007).

While employed with Southeast, Watkins became the subject of an administrative action filed by the Department, the 2013 Recommendation, that would constitute a disclosable event requiring an update to his Form U-4. Respondents were aware of the 2013 Recommendation because they were also named therein and they did disclose it on Southeast's Form BD and Black's Form U-4. Respondents' WSPs require them to report to the CRD any disclosable event, including administrative actions, within ten (10) days of the event. Instead of following the firm's own procedures, Southeast waited one (1) year to disclose the 2013 Recommendation filed against Watkins. To further show their lack of concern for keeping Form U-4s current and accurate, when they finally did report the 2013 Recommendation, the filing was inaccurate.

Respondents admitted to making late disclosure filings regarding the Department's disciplinary proceedings against Watkins and Watkins' business address. Further, Respondents have admitted to making inaccurate filings reporting the Department's action against Watkins.³

Respondents contend that the late and inaccurate filings are not material. To determine materiality, the Administrator should determine if the failure to accurately and timely report the disclosure or omitted fact would significantly alter the "total mix" of information available to a reasonable investor. *TSC Industries, Inc v. Northway, Inc.*, 426 U.S. 438, 449 (1976). In this case, the disclosures are public information through FINRA's BrokerCheck and current or potential clients of Southeast and/or Watkins may consider a pending action by a state regulator material to deciding whether to do business with Southeast and/or Watkins. *Dept. of Enforcement v. Wedbush Securities, Inc.*, FINRA Disciplinary Proceeding No. 20070094044 (August 2, 2012).

Without access to accurate address information, the Department would be unable to locate the agent or know where to go to conduct an examination of his business activities in carrying out the Department's duties under the Act. Without access to accurate disciplinary history, another regulator may register the agent when that regulator might otherwise object to his application or seek to place restrictions on his registration. A customer may be unable to identify the correct agent to conduct a background check and may choose to do business with an agent that they might otherwise reject.

³ The Department notified Respondents of the inaccuracy on May 20, 2014 and Respondents have still not corrected their filing, attached as Exhibit I.

IV. Respondents' failures warrant sanctions under the Act.

A. Section 1-411 of the Act

The Administrator has the authority under Section 1-411 of the Act to issue an order imposing a censure against Black; suspending the broker-dealer registration of Southeast under the Act; and imposing such other sanctions as deemed appropriate and authorized by law.

Pursuant to Section 1-411 of the Act, it is appropriate to seek a revocation, suspension or limitation of a registration of a person who has willfully violated or failed to comply with the Act or a rule adopted under the Act and the imposition of the sanction is in the public interest. In this matter, Respondents willfully failed to comply with the rules by failing to implement an effective and meaningful supervisory system.

B. Imposition of the requested sanctions is in the public interest.

The issue of public interest has historically been a discretionary matter placed in the hands of administrative agencies by legislative bodies at both the state and federal levels. The Oklahoma Legislature has followed historical precedent in enacting this state's securities laws. As authorized by Section 1-411 of the Act, the Administrator has discretion to determine that it is in the public interest to issue an order under that provision.

In *Johnson v. Board of Governors of Registered Dentists of the State of Oklahoma*, 913 P.2d 1339, 1347 (Okla. 1996), the Oklahoma Supreme Court followed the rationale that, when given discretion by the Legislature, the decision as to what discipline is proper lies with the administrative body as long as the sanction is within the law, justified in fact, and not arbitrary or capricious. In the instant matter, the requested sanctions are within the law because they are authorized by Section 1-411 of the Act, justified by the facts, and neither arbitrary nor capricious.

In this matter, the requested sanctions are also justified in fact. Through its actions, Respondents have demonstrated that they are not interested in protecting their clients from potential wrongdoing through an adequate supervisory system and proper supervisory procedures. The Department is charged with the responsibility of enforcing Oklahoma's securities laws, but the Department does not have the mandate or resources to "hold the hand" of a broker-dealer that cannot understand the significance of the applicable regulations or cannot determine, on its own, how to comply with applicable laws.

C. The requested sanctions are warranted.

The FINRA Sanctions Guidelines provide evidence that imposition of the requested sanctions is not arbitrary and capricious. With respect to violations of NASD Rule 3010 for failure to supervise, the guidelines state, in part: "In a case against a member firm involving systemic supervision failures, consider a longer suspension of the firm with respect to any or all activities or functions (of up to two years) or expulsion of the firm."

In *Busacca v. Securities Exchange Commission*, 449 Fed. Appx. 886, 888, John Busacca (Busacca), petitioned a circuit court to review a final order of the U.S. Securities and Exchange Commission (SEC), that resulted in a \$30,000 fine and six month suspension of his principal license. FINRA found that Busacca, as the firm's president, failed to exercise reasonable supervision of the firm's operations and compliance duties in violation of NASD Rules 3010 and 2110. Among other issues, Busacca argued he did not have any prior disciplinary history and that he was singled out for prosecution and given a harsh punishment. The SEC has "long emphasized" that the president of a member firm bears ultimate responsibility for compliance with all applicable securities laws and regulations unless delegated to another person in the firm, and neither knows of any deficiencies. *Id.* at 889. Busacca failed to act with the "requisite vigor,

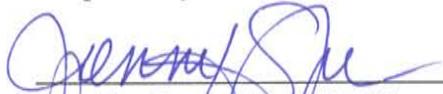
decisiveness, and vigilance” to handle known operational deficiencies to prevent future regulatory violations. The circuit court found that the disciplinary sanctions were sufficiently remedial to deter future misconduct. *Id.* at 892. The “SEC has emphasized that a lack of disciplinary history is not a mitigating factor because securities professionals should not be rewarded for acting in accordance with their duties.” *Id.* at 894.

The above identified deficiencies of the Respondents are indicators of systemic supervision failures. Respondents’ laissez-faire approach to supervision could result in fraud or mistakes that impact their clients. As such, the requested sanctions are warranted and necessary to protect the public interest.

CONCLUSION

WHEREFORE, premises considered, the Department asks that the Administrator grant the Department’s motion for summary decision and grant the relief sought in the Supplemental Recommendation.

Respectfully submitted,

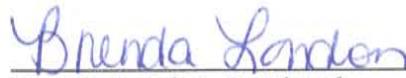


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CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 23rd day of July, 2014, a true and correct copy of the above and foregoing *Department's Motion for Summary Disposition* was mailed with postage prepaid thereon, addressed to:

Patrick O Waddel, OBA #9254
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One W 3rd St
Tulsa OK 74103-3522
Attorney for Respondents



Brenda London, Paralegal

Organization Registration Status

Organization CRD Number: 43035 Organization Name: SOUTHEAST INVESTMENTS, N.C., INC.

Organization SEC Number: 8-50127 Applicant Name: SOUTHEAST INVESTMENTS, N.C., INC.

[View IA Record](#)

SEC / Jurisdiction / FINRA	Registration Status	Status Effective Date
<u>SEC</u>	Approved -	07/01/1997
<u>FINRA</u>	Approved -	07/01/1997
<u>NC</u>	Approved -	07/08/1997
<u>OK</u>	Approved -	05/08/2009

SEC / SRO / Jurisdiction	Registration Status	Status Effective Date
<u>SEC</u>	Approved -	07/01/1997
<u>FINRA</u>	Approved -	07/01/1997
<u>AL</u>	Approved -	06/22/2006
<u>AK</u>	Approved -	07/29/2010
<u>AZ</u>	Approved -	02/22/2010
<u>AR</u>	Approved -DP:RONALD PLEXICO #2122340	03/10/2010
<u>CA</u>	Approved -	07/18/1997
<u>CO</u>	Approved -	04/20/2007
<u>CT</u>	Approved -	08/02/2007
<u>DE</u>	Approved -	03/10/2006
<u>DC</u>	Approved -	09/16/2010
<u>FL</u>	Approved -	09/17/1997
<u>GA</u>	Approved -	07/21/1997
<u>HI</u>	Approved -	05/03/2010
<u>ID</u>	Approved -	12/12/2005
<u>IL</u>	Approved -	01/30/2003
<u>IN</u>	Approved -	07/21/2008
<u>IA</u>	Approved -	09/11/2008
<u>KS</u>	Approved -	08/15/2005
<u>KY</u>	Approved -	08/22/2005
<u>LA</u>	Approved -	02/21/2007
<u>ME</u>	Approved -	01/05/2012
<u>MD</u>	Approved -	03/31/2004
<u>MA</u>	Approved -	08/13/2009
<u>MI</u>	Approved -	12/17/2004
<u>MN</u>	Approved -	11/19/2003
<u>MS</u>	Approved -	08/23/2005
<u>MO</u>	Approved -	01/06/2011
<u>MT</u>	Approved -	02/02/2010
<u>NE</u>	Approved -	09/19/2006
<u>NV</u>	Approved -	05/20/2005
<u>NH</u>	Approved -	04/04/2008

EXHIBIT

A

<u>NJ</u>	Approved -	10/07/2003
<u>NM</u>	Approved -DP: RONALD D. PLEXICO, JR. CRD 2122340	03/23/2010
<u>NY</u>	Approved -	08/23/2002
<u>NC</u>	Approved -	07/08/1997
<u>ND</u>	Approved -	03/24/2010
<u>OH</u>	Approved -	07/29/1997
<u>OK</u>	Approved -	05/08/2009
<u>OR</u>	Approved -APPROVED	05/23/2003
<u>PA</u>	Approved -	07/28/1997
<u>PR</u>	Approved -	06/06/2013
<u>RI</u>	Approved -	08/19/2010
<u>SC</u>	Approved -	07/22/1997
<u>SD</u>	Approved -	02/19/2010
<u>TN</u>	Approved -	03/18/2003
<u>TX</u>	Approved -	01/30/2007
<u>UT</u>	Approved -	02/24/2010
<u>VT</u>	Approved -	03/15/2010
<u>VA</u>	Approved -	07/18/1997
<u>WA</u>	Approved -	09/26/2008
<u>WV</u>	Approved -	08/12/2005
<u>WI</u>	Approved -	03/24/2009
<u>WY</u>	Approved -	03/15/2010

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Reportable Information: Information that is required to be reported on the current version of the uniform registration forms.

Non-Reportable Information: Information that is not currently reportable on a uniform registration form. Information typically is not reportable because it is out-of-date; it was reported in error; or some change occurred either in the disposition of the underlying event after it was reported or in the question on the form that elicited the information. Although not currently reportable, this information was once reported on a uniform form and, consequently, may have become a state record. Users of this information should recognize that filers have no obligation to update non-reportable data; accordingly, it may not reflect changes that have occurred since it was reported.

EXHIBIT

B

Details for Request#: 13733941
Report: Snapshot - Individual
Requested By: CAG

<u>Parameter Name</u>	<u>Value</u>
Request by CRD# or SSN:	CRD#
Individual CRD# or SSN	3091936
Include Personal Information?	Yes
Include All Registrations with Employments:	Both Current and Previous Employments
Include All Registrations for Current and/or Previous Employments with:	All Regulators
Include Professional Designations?	Yes
Include Employment History?	Yes
Include Other Business?	Yes
Include Exam Information?	Yes
Include Continuing Education Information? (CRD Only)	Yes
Include Filing History? (CRD Only)	Yes
Include Current Reportable Disclosure Information?	Yes
Include Regulator Archive and Z Record Information? (CRD Only)	Yes

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
IA Main			Yes	No	06/17/2014		Located At
Address 46 E. 16TH ST. TULSA, OK 74119 UNITED STATES							

Reportable Disclosures? Yes

Statutory Disqualification? CLEAR

Registered With Multiple Firms? This individual is registered with more than one broker-dealer or investment adviser firm, those firms will be listed here under Office of Employment. While each firm has the ability to file Forms U4 on this individual, only information from the most recent Form U4 filed will appear in this report. If you wish to see Forms U4 filed by other firms with which this individual is registered, or other historical Form filings, please see Filing History under View Individual Information.

Material Difference in Disclosure? No

Personal Information

Individual CRD# 3091936
 Other Names Known By WATKINS, RODNEY LARRY
 WATKINS, RODNEY LARRY
 WATKINS, RODNEY LARRY
 Year of Birth 1973

Registrations with Current Employer(s)

From	06/17/2014	To	Present	WATKINS AND ASSOCIATES INVESTMENT SERVICES, LLC(171624)			
Regulator	Registration Category	Status Date	Registration Status	Approval Date			
OK	RA	07/14/2014	DEFICIENT				
From	02/24/2012	To	Present	SOUTHEAST INVESTMENTS, N.C., INC.(43035)			
Regulator	Registration Category	Status Date	Registration Status	Approval Date			
AL	AG	06/15/2012	T_NOREG				
CA	AG	02/27/2012	APPROVED	02/27/2012			
FINRA	GP	04/01/2014	PURGED				
FINRA	GS	01/21/2014	APPROVED	02/24/2012			
FINRA	GS	01/21/2014	APPROVED	02/24/2012			
FINRA	GP	04/09/2013	PURGED				
KS	AG	02/28/2012	APPROVED	02/28/2012			
MD	AG	04/08/2014	T_NOREG				
NC	RA	10/21/2013	T_NOU5	10/21/2013			
OK	AG	04/30/2014	APPROVED	04/30/2014			
TX	AG	03/08/2012	APPROVED	03/08/2012			

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Registrations with Previous Employer(s)

From 01/20/2012 To 02/27/2012 CONCERT WEALTH MANAGEMENT(141253)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
CA	RA	02/27/2012	TERMED	01/23/2012
OK	RA	02/27/2012	T_NOREG	

From 10/24/2011 To 11/25/2011 INVESTACORP, INC.(7684)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AL	AG	11/25/2011	TERMED	10/24/2011
CA	AG	11/25/2011	TERMED	10/24/2011
FINRA	GS	11/25/2011	TERMED	10/24/2011
KS	AG	11/25/2011	TERMED	10/24/2011
MD	AG	11/25/2011	TERMED	10/24/2011
NY	AG	11/25/2011	TERMED	10/24/2011
OK	AG	11/25/2011	TERMED	10/24/2011
TX	AG	11/25/2011	TERMED	10/24/2011

From 10/24/2011 To 11/25/2011 INVESTACORP ADVISORY SERVICES INC(109011)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
OK	RA	11/25/2011	TERMED	10/24/2011

From 03/06/2009 To 10/24/2011 AMERIPRISE FINANCIAL SERVICES, INC.(6363)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AL	AG	10/26/2011	TERMED	03/06/2009
AR	AG	10/26/2011	TERMED	03/06/2009
CA	AG	10/26/2011	TERMED	03/06/2009
FINRA	GS	10/26/2011	TERMED	03/06/2009
KS	AG	10/26/2011	TERMED	03/06/2009
MD	AG	10/26/2011	TERMED	09/22/2010
NY	AG	10/26/2011	TERMED	03/06/2009
OK	AG	10/26/2011	TERMED	03/06/2009
OK	RA	10/26/2011	TERMED	03/06/2009
TX	AG	10/26/2011	TERMED	03/06/2009
TX	RA	10/26/2011	TERMED	03/06/2009

From 04/02/2009 To 05/05/2011 SECURITIES AMERICA, INC.(10205)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
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Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Registrations with Previous Employer(s)

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AL	AG	05/05/2011	TERMED	04/02/2009
AR	AG	05/05/2011	TERMED	04/02/2009
CA	AG	05/05/2011	TERMED	04/02/2009
FINRA	GS	05/05/2011	TERMED	04/02/2009
KS	AG	05/05/2011	TERMED	04/02/2009
NY	AG	05/05/2011	TERMED	04/02/2009
OK	AG	05/05/2011	TERMED	04/02/2009
TX	AG	05/05/2011	TERMED	04/02/2009

From 11/16/1998 To 03/06/2009 MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED(7691)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AL	AG	03/12/2009	TERMED	04/29/2005
AR	AG	03/12/2009	TERMED	01/30/2001
ARCA	GS	03/12/2009	TERMED	12/18/1998
CA	AG	03/12/2009	TERMED	06/26/2001
CBOE	GS	03/12/2009	TERMED	12/18/1998
CO	AG	12/31/2005	TERMED	12/02/2002
FINRA	GS	03/12/2009	TERMED	12/18/1998
FL	AG	12/31/2005	TERMED	01/29/1999
GA	AG	12/31/2003	TERMED	05/19/1999
IL	AG	12/31/2000	TERMED	05/25/1999
IN	AG	12/31/2008	TERMED	09/15/2004
IN	AG	12/31/2002	TERMED	05/25/1999
ISE	GS	03/12/2009	TERMED	01/26/2008
KS	AG	03/12/2009	TERMED	07/23/2004
KY	AG	12/31/2003	TERMED	03/30/2001
KY	AG	12/31/2000	TERMED	05/26/1999
MD	AG	03/12/2009	TERMED	03/13/2000
MI	AG	12/31/2004	TERMED	08/06/2003
MI	AG	12/31/2002	TERMED	04/08/1999
NJ	AG	12/31/2007	TERMED	12/09/2005
NM	AG	12/31/2000	TERMED	06/12/2000
NQX	GS	03/12/2009	TERMED	07/12/2006
NV	AG	12/31/2000	TERMED	01/21/2000
NY	AG	03/12/2009	TERMED	09/08/1999
NYSE	GS	03/12/2009	TERMED	12/18/1998
NYSE-MKT	GS	03/12/2009	TERMED	12/18/1998
OH	AG	12/31/2001	TERMED	08/04/2000
OK	AG	03/12/2009	TERMED	12/18/1998
OK	RA	03/12/2009	TERMED	01/22/1999
PA	AG	12/31/2001	TERMED	10/19/2000
PHLX	GS	03/12/2009	TERMED	12/18/1998

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Registrations with Previous Employer(s)

Regulator	Registration Category	Status Date	Registration Status	Approval Date
TX	AG	03/12/2009	TERMED	01/29/1999
TX	RA	03/12/2009	TERMED	01/29/1999

From 04/27/1998 To 11/11/1998 FIDELITY BROKERAGE SERVICES, INC.(7784)

Reason for Termination Voluntary

Termination Comment

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AK	AG	11/20/1998	TERMED	08/21/1998
AL	AG	11/20/1998	TERMED	10/01/1998
AR	AG	11/20/1998	TERMED	08/25/1998
AZ	AG	11/20/1998	TERMED	10/02/1998
CA	AG	11/20/1998	TERMED	10/01/1998
CO	AG	11/20/1998	TERMED	10/01/1998
CT	AG	11/20/1998	TERMED	10/01/1998
DC	AG	11/20/1998	TERMED	10/02/1998
DE	AG	11/20/1998	TERMED	08/21/1998
FINRA	GS	11/20/1998	TERMED	08/07/1998
FL	AG	11/20/1998	TERMED	10/06/1998
GA	AG	11/20/1998	TERMED	10/01/1998
HI	AG	11/20/1998	TERMED	10/02/1998
IA	AG	11/20/1998	TERMED	08/21/1998
ID	AG	11/20/1998	TERMED	08/21/1998
IL	AG	11/20/1998	TERMED	10/01/1998
IN	AG	11/20/1998	TERMED	10/01/1998
KS	AG	11/20/1998	TERMED	10/01/1998
KY	AG	11/20/1998	TERMED	10/02/1998
LA	AG	11/20/1998	TERMED	10/02/1998
MA	AG	11/20/1998	TERMED	10/01/1998
MD	AG	11/20/1998	TERMED	10/01/1998
ME	AG	11/20/1998	TERMED	10/02/1998
MI	AG	11/20/1998	TERMED	10/02/1998
MN	AG	11/20/1998	TERMED	10/05/1998
MO	AG	11/20/1998	TERMED	10/02/1998
MS	AG	11/20/1998	TERMED	08/25/1998
MT	AG	11/20/1998	TERMED	08/24/1998
NC	AG	11/20/1998	TERMED	10/02/1998
ND	AG	11/20/1998	TERMED	08/25/1998
NE	AG	11/20/1998	TERMED	08/21/1998
NH	AG	11/20/1998	TERMED	10/01/1998
NJ	AG	11/20/1998	TERMED	10/20/1998
NM	AG	11/20/1998	TERMED	10/02/1998
NV	AG	11/20/1998	TERMED	10/01/1998
NY	AG	11/20/1998	TERMED	10/01/1998
NYSE	GS	11/20/1998	TERMED	08/24/1998

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Registrations with Previous Employer(s)

Regulator	Registration Category	Status Date	Registration Status	Approval Date
OH	AG	11/20/1998	TERMED	10/02/1998
OK	AG	11/20/1998	TERMED	10/02/1998
OR	AG	11/20/1998	TERMED	10/01/1998
PA	AG	11/20/1998	TERMED	10/01/1998
RI	AG	11/20/1998	TERMED	10/02/1998
SC	AG	11/20/1998	TERMED	10/02/1998
SD	AG	11/20/1998	TERMED	08/25/1998
TN	AG	11/20/1998	TERMED	08/25/1998
TX	AG	11/20/1998	TERMED	08/21/1998
UT	AG	11/20/1998	TERMED	10/01/1998
VA	AG	11/20/1998	TERMED	10/02/1998
VT	AG	11/20/1998	TERMED	08/12/1998
WA	AG	11/20/1998	TERMED	10/01/1998
WI	AG	11/20/1998	TERMED	10/02/1998
WV	AG	11/20/1998	TERMED	08/24/1998
WY	AG	11/20/1998	TERMED	08/24/1998

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information
Professional Designations

<<No Professional Designations found for this Individual.>>

Employment History

From	06/2014	To	Present	Name	WATKINS AND ASSOCIATES INVESTMENT SERVICES, LLC
				Location	TULSA, OK, USA
				Position	CCO AND MANAGING MEMBER
				Investment Related	Yes
From	02/2012	To	Present	Name	SOUTHEAST INVESTMENTS, N.C. INC.
				Location	CHARLOTTE, NC, USA
				Position	REGISTERED REPRESENTATIVE
				Investment Related	Yes
From	08/2011	To	Present	Name	WATKINS AND ASSOCIATES FINANCIAL SERVICES
				Location	TULSA, OK, USA
				Position	OWNER
				Investment Related	Yes
From	08/2007	To	Present	Name	S&M UNLIMITED
				Location	SAND SPRINGS, OK, USA
				Position	RENTAL PROPERTY
				Investment Related	No
From	01/2012	To	02/2012	Name	CONCERT WEALTH MANAGEMENT, INC.
				Location	SAN JOSE, CA, USA
				Position	INVESTMENT ADVISOR REPRESENTATIVE
				Investment Related	Yes
From	10/2011	To	11/2011	Name	INVESTACORP ADVISORY SERVICES
				Location	MIAMI, FL, USA
				Position	INVESTMENT ADVISER REPRESENTATIVE
				Investment Related	Yes
From	10/2011	To	11/2011	Name	INVESTACORP INC
				Location	MIAMI, FL, USA
				Position	REGISTERED REPRESENTATIVE
				Investment Related	Yes
From	03/2009	To	10/2011	Name	AMERIPRISE
				Location	TULSA, OK, USA
				Position	FINANCIAL ADVISOR

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information
Employment History

From 12/1998 To 03/2009 Investment Related Yes
 Name MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
 Location TULSA, OK
 Position FINANCIAL ADVISOR
 Investment Related Yes

Office of Employment History

From 06/2014 To Present
 Name WATKINS AND ASSOCIATES INVESTMENT SERVICES, LLC(171624)
 Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
IA Main			Yes	No	06/17/2014		Located At
Address 46 E. 16TH ST. TULSA, OK 74119 UNITED STATES							

From 02/2012 To Present
 Name SOUTHEAST INVESTMENTS, N.C., INC.(43035)
 Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	05/02/2014		Located At
Address 46 E. 16TH STREET TULSA, OK 74119 UNITED STATES							
286315			Yes	No	02/24/2012		Supervised From
Address 820 TYVOLA ROAD, SUITE 104 CHARLOTTE, NC 28217 UNITED STATES							
			No	No	06/20/2013	05/02/2014	Located At
Address 10000 NORTH CENTRAL EXPRESSWAY, SUITE 400 DALLAS, TX 75231 UNITED STATES							
			No	No	02/24/2012	06/20/2013	Located At
Address 46 E. 16TH STREET TULSA, OK 74119 UNITED STATES							

From 01/2012 To 02/2012
 Name CONCERT WEALTH MANAGEMENT(141253)
 Independent Contractor Yes

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Office of Employment History

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
IA Main			Yes	No	01/20/2012	02/27/2012	Supervised From
	Address 1900 THE ALAMEDA, STE. 300 SAN JOSE, CA 95126 UNITED STATES						
			No	No	01/20/2012	02/27/2012	Located At
	Address 46 EAST 16TH STREET TULSA, OK 74119 UNITED STATES						

From 10/2011 To 11/2011

Name INVESTACORP ADVISORY SERVICES INC(109011)

Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	10/24/2011	11/25/2011	Located At
	Address 46 E. 16TH STREET TULSA, OK 74119 UNITED STATES						

From 10/2011 To 11/2011

Name INVESTACORP, INC.(7684)

Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
486325			Yes	No	10/27/2011	11/25/2011	Located At
	Address 46 EAST 16TH STREET TULSA, OK 74119 UNITED STATES						
201091			Yes	No	10/24/2011	10/27/2011	Supervised From
	Address 4400 BISCAYNE BLVD, 11TH FLOOR MIAMI, FL 33137 UNITED STATES						

From 03/2009 To 10/2011

Name AMERIPRISE FINANCIAL SERVICES, INC.(6363)

Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
431531			Yes	No	01/04/2010	10/24/2011	Located At
	Address 46 E 16TH ST						

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Office of Employment History

Office of Employment Address

142829 TULSA, OK 74119 UNITED STATES
 Yes No 03/06/2009 01/03/2010 Located At
 Address 8801 S YALE AVE, STE 250
 TULSA, OK 74137 UNITED STATES

From 09/2011 To 10/2011

Name H.D. VEST INVESTMENT SERVICES(13686)

Independent Contractor

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	09/26/2011	10/18/2011	Located At
Address 6333 N STATE HIGHWAY 161, SUITE 400 IRVING, TX 75038 USA							

From 04/2009 To 05/2011

Name SECURITIES AMERICA, INC.(10205)

Independent Contractor Yes

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
400942			Yes	No	04/02/2009	05/05/2011	Located At
Address 8801 S YALE AVE STE 250 TULSA, OK 74137-3535 UNITED STATES							
BD Main			Yes	No	04/02/2009	05/05/2011	Supervised From
Address 12325 PORT GRACE BLVD. LAVISTA, NE 68128 UNITED STATES							

From 11/1998 To 03/2009

Name MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED(7691)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
92774	050-595		Yes	No	11/16/1998	03/06/2009	Located At
Address 6100 S YALE AVE TULSA, OK 74136 UNITED STATES							
			No	No	11/16/1998	01/11/2006	Located At
Address ONE WARREN PLACE, 6100 SOUTH YALE AVENUE, SUITE 1500 TULSA, OK 74136 US							

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Office of Employment History

From 04/1998 To 11/1998

Name FIDELITY BROKERAGE SERVICES, INC.(7784)

Independent Contractor No

Office of Employment Address

CRD Branch#	Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	04/27/1998	11/11/1998	Located At
Address 2711 HASKELL DRIVE, SUITE 1400 DALLAS, TX 75204							

Other Business

S&M UNLIMITED: 104 E. 13TH ST., SAN SPRINGS, OK 74063. 08/2007. I AM OWNER OF THIS RENTAL PROPERTY. I WILL DEVOTE 5 HOURS PER MONTH TO THIS BUSINESS. I AM COMPENSATED BY A PERCENTAGE OF PROFITS.

WATKINS & ASSOCIATES FINANCIAL SERVICES: 46 E. 16TH ST, TULSA, OK 74119. 08/2011. I AM OWNER OF THIS FINANCIAL SERVICES BUSINESS. I WILL DEVOTE 100 HOURS PER MONTH TO THIS BUSINESS. I AM COMPENSATED BY COMMISSIONS.

Exam Appointments

<<No Exam Appointments found for this Individual.>>

Exam History

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S7	22873715	Official Result	08/06/1998	08/06/1998	Passed	90	-
S24	34048529	Window Expired	02/01/2014				10/03/2013-01/31/2014
S24	22873712	Official Result	04/03/2013	04/02/2013	Failed	61	12/04/2012-04/03/2013
S24	22873711	Official Result	08/31/2012	08/30/2012	Failed	68	08/25/2012-12/23/2012
S63	22873713	Official Result	08/20/1998	08/20/1998	Passed	88	-
S65	22873714	Official Result	01/05/1999	01/05/1999	Passed	82	-

CE Regulatory Element Status

Current CE Status SATISFIED

CE Base Date 09/25/2013

CE Appointments

<<No CE Appointments found for this Individual.>>

Current CE

<<No Current CE found for this Individual.>>

Next CE

Window Dates	Requirement Type	Session
09/25/2015-01/22/2016	Anniversary	101

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

CE Directed Sequence History

Source	Type of Penalty	Date of Action	Effective Date
FINRA	SEQUENCE	09/25/2013	09/25/2013
OK	SEQUENCE	08/29/2012	10/13/2012

Inactive CE History Dates

<<No Inactive CE History Dates found for this Individual.>>

Previous CE Requirement Status

Requirement Type	Session	Status	Status Date	Window Dates	Result
Directed Sequence	101	SATISFIED	01/09/2014	09/25/2013-01/22/2014	01/09/2014 - CMPLT
Directed Sequence	101	REQUIRED	09/27/2013	09/25/2013-01/22/2014	
Directed Sequence	101	SATISFIED	12/04/2012	10/13/2012-02/09/2013	12/04/2012 - CMPLT
Directed Sequence	101	REQUIRED	09/24/2012	10/13/2012-02/09/2013	
Anniversary	101	SATISFIED	12/04/2012	08/07/2012-12/04/2012	12/04/2012 - CMPLT
Anniversary	101	REQUIRED	09/24/2012	08/07/2012-12/04/2012	09/24/2012 - SPNDD
Anniversary	101	REQUIRED	08/07/2012	08/07/2012-12/04/2012	
Anniversary	101	SATISFIED	11/11/2009	08/07/2009-12/04/2009	11/11/2009 - CMPLT
Anniversary	101	REQUIRED	08/07/2009	08/07/2009-12/04/2009	
Anniversary	101	SATISFIED	10/27/2006	08/07/2006-12/04/2006	10/27/2006 - CMPLT
Anniversary	101	REQUIRED	08/07/2006	08/07/2006-12/04/2006	
Anniversary	101	SATISFIED	10/03/2003	08/07/2003-12/04/2003	10/03/2003 - CMPLT
Anniversary	101	REQUIRED	08/07/2003	08/07/2003-12/04/2003	
Anniversary	101	SATISFIED	08/18/2000	08/07/2000-12/04/2000	08/18/2000 - CMPLT
Anniversary	101	REQUIRED	08/08/2000	08/07/2000-12/04/2000	

Filing History

Filing Date	Form Type	Filing type	Source
07/14/2014	U4	Dual	WATKINS AND ASSOCIATES INVESTMENT SERVICES, LLC (171624)
06/27/2014	U6	CRD Individual	OK
05/14/2014	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
05/13/2014	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
05/06/2014	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
04/08/2014	U5	Partial	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
04/01/2014	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
11/21/2013	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
10/21/2013	U5	Admin	NC
10/16/2013	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
10/08/2013	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
10/02/2013	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
09/26/2013	U6	CRD Individual	FINRA
12/03/2012	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
10/10/2012	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
09/21/2012	U6	CRD Individual	OK
08/24/2012	U4	Amendment	SOUTHEAST INVESTMENTS, N.C., INC. (43035)

Individual 3091936 - WATKINS JR., RODNEY LARRY

Administrative Information

Filing History

Filing Date	Form Type	Filing type	Source
06/15/2012	U5	Partial	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
02/27/2012	U5	Full	CONCERT WEALTH MANAGEMENT (141253)
02/24/2012	U4	Relicense All	SOUTHEAST INVESTMENTS, N.C., INC. (43035)
01/20/2012	U4	Initial	CONCERT WEALTH MANAGEMENT (141253)
11/25/2011	U5	Full	INVESTACORP ADVISORY SERVICES INC (109011)
11/25/2011	U5	Full	INVESTACORP, INC. (7684)
11/15/2011	U5	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
10/27/2011	U4	Amendment	INVESTACORP, INC. (7684)
10/27/2011	BR	Initial	INVESTACORP, INC. (7684)
10/26/2011	U5	Full	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
10/24/2011	U4	Relicense All	INVESTACORP, INC. (7684)
10/18/2011	NRF	Amendment	H.D. VEST INVESTMENT SERVICES (13686)
09/27/2011	NRF	Initial	H.D. VEST INVESTMENT SERVICES (13686)
08/11/2011	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
05/19/2011	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
05/05/2011	U5	Full	SECURITIES AMERICA, INC. (10205)
09/22/2010	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
03/02/2010	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
01/05/2010	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
01/05/2010	BR	Initial	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
06/24/2009	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
05/21/2009	U4	Upload - New U4 Questions	SECURITIES AMERICA, INC. (10205)
04/28/2009	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
04/21/2009	U4	Amendment	SECURITIES AMERICA, INC. (10205)
04/02/2009	BR	Initial	SECURITIES AMERICA, INC. (10205)
04/02/2009	U4	Dual	SECURITIES AMERICA, INC. (10205)
03/12/2009	U5	Full	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
03/06/2009	U4	Amendment	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
03/06/2009	U4	Relicense All	AMERIPRISE FINANCIAL SERVICES, INC. (6363)
12/18/2008	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
05/23/2008	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
01/26/2008	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
11/21/2007	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
09/25/2006	BR	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
07/29/2006	U4	Conversion	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
06/27/2006	BR	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH

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Administrative Information

Filing History

Filing Date	Form Type	Filing type	Source
03/13/2006	U4	Amendment	INCORPORATED (7691) MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
02/07/2006	BR	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
01/11/2006	U4	Individual-Branch Link	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/12/2005	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/09/2005	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
06/28/2005	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
04/29/2005	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/17/2004	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
09/15/2004	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
07/23/2004	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/11/2003	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
08/05/2003	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/17/2002	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/02/2002	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
05/08/2002	U4	RA Transition	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
04/07/2002	U4	RA Transition	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/19/2001	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
11/09/2001	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
10/19/2001	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
06/26/2001	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
03/30/2001	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
01/30/2001	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
12/20/2000	U5	Partial	MERRILL LYNCH, PIERCE, FENNER & SMITH

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Administrative Information

Filing History

Filing Date	Form Type	Filing type	Source
10/19/2000	U4	Amendment	INCORPORATED (7691) MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
08/03/2000	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
06/09/2000	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
03/13/2000	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
01/20/2000	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
09/08/1999	U4	Amendment	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
07/05/1999	U4	Conversion	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)
07/05/1999	U5	Conversion	FIDELITY BROKERAGE SERVICES LLC (7784)
07/05/1999	U4	Conversion	FIDELITY BROKERAGE SERVICES LLC (7784)

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Number of Reportable Events

Bankruptcy	0
Bond	0
Civil Judicial	0
Criminal	0
Customer Complaint	0
Internal Review	1
Investigation	0
Judgement/Lien	0
Regulatory Action	3
Termination	1

Occurrence#	1587685	Disclosure Type	Internal Review
FINRA Public Disclosable	No	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	31357134	Form (Form Version)	U5 (05/2009)
Filing Date	11/15/2011		
Source	6363 - AMERIPRISE FINANCIAL SERVICES, INC.		
Disclosure Questions Answered	7B		

Internal Review DRP DRP Version 05/2009

Part I

1. Notice received from: AMERIPRISE FINANCIAL SERVICES, INC.
2. Date initiated/Explanation: 07/25/2011
3. Details: REVIEW OF POTENTIAL VIOLATIONS OF THE FOLLOWING FIRM POLICIES: DISCRETIONARY POWER; UNACCEPTABLE ACTIVITIES/TRANSACTIONS; PRE-SIGNED FORMS AND APPLICATIONS; FORGERY, SIGNATURE STAMPS, AND OTHER SIGNATURE ISSUES; ANNUITY OVERVIEW.
4. Internal review pending: No
5. Resolution details:
 - A. Date concluded/ Explanation: 10/24/2011
 - B. Internal review resolution: ADVISOR RESIGNED WHILE SUSPENDED FOR VIOLATING FIRM POLICIES ON: DISCRETIONARY POWER; UNACCEPTABLE ACTIVITIES/TRANSACTIONS; PRE-SIGNED FORMS AND APPLICATIONS; FORGERY, SIGNATURE STAMPS AND OTHER SIGNATURE ISSUES; ANNUITY OVERVIEW.
6. Comment:

Part II

Summary:

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Occurrence#	1600257	Disclosure Type	Termination
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	31994319	Form (Form Version)	U4 (05/2009)
Filing Date	02/24/2012		
Source	43035 - SOUTHEAST INVESTMENTS, N.C., INC.		
Disclosure Questions Answered	14J(1)		

Termination DRP

DRP Version 05/2009

1. Firm name: AMERIPRISE FINANCIAL SERVICES INC.
2. Termination type: Voluntary Resignation
3. Date filed/Explanation: 10/24/2011
4. Allegation(s): VIOLATING FIRM POLICIES ON DISCRETIONARY POWER, UNACCEPTABLE ACTIVITIES/TRANSACTIONS, PRE-SIGNED FORMS AND APPLICATIONS, FORGERY, SIGNATURE STAMPS AND OTHER SIGNATURE ISSUES, ANNUITY OVERVIEW.
5. Product type(s): Annuity-Fixed
Annuity-Variable
6. Comment: THE BASIS FOR THE ACTIVITIES IN REVIEW WERE EFFORTS TO PROVIDE CONVENIENCE AND UNINTERRUPTED SERVICE TO CLIENTS AS WELL AS MISUNDERSTOOD PROCESSES AND PROCEDURES.

Occurrence#	1627779	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	36660176	Form (Form Version)	U4 (05/2009)
Filing Date	05/13/2014		
Source	43035 - SOUTHEAST INVESTMENTS, N.C., INC.		
Disclosure Questions Answered	14D(1)(a),14D(1)(b),14D(1)(d),14D(1)(e)		

Regulatory Action DRP

DRP Version 05/2009

1. Regulatory Action initiated by:
 - A. Initiated by: Jurisdiction
 - B. Full name of regulator: OKLAHOMA DEPARTMENT OF SECURITIES
2. Sanction(s) sought: Bar
Civil and Administrative Penalty(ies)/Fine(s)
3. Date initiated/Explanation: 03/29/2012
4. Docket/Case#: 12-058
5. Employing firm: AMERIPRISE FINANCIAL SERVICES INC.
6. Product type(s): No Product

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Regulatory Action **DRP** **DRP Version** 05/2009

Date paid / Explanation:

Penalty waived: No

Amount:

14. Comment:

Filing ID 33188683 **Form (Form Version)** U6 (05/2009)

Filing Date 09/21/2012

Source Oklahoma

Disclosure Questions Answered

Regulatory Action **DRP** **DRP Version** 05/2009

1. Regulatory Action initiated by:

A. Initiated by: Jurisdiction

B. Full name of regulator: OKLAHOMA DEPARTMENT OF SECURITIES

2. Sanction(s) sought: Bar
Civil and Administrative Penalty(ies)/Fine(s)

3. Date initiated/Explanation: 03/29/2012

4. Docket/Case#: 12-058

5. Employing firm: AMERIPRISE FINANCIAL SERVICES, INC.

6. Product type(s): No Product

7. Allegation(s): THE DEPARTMENT ALLEGED THAT WATKINS ENGAGED IN UNETHICAL PRACTICES IN VIOLATION OF 660:11-5-42

8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Order

B. Resolution date/Explanation: 08/29/2012

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Regulatory Action

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12. Final order: No

13. Sanction detail:

A. Sanctions ordered: Bar (Temporary/Time Limited)
Civil and Administrative Penalty(ies)/Fine(s)

B. Other sanctions: FUTURE REGISTRATIONS WILL BE SUBJECT TO HEIGHTENED
SUPERVISION FOR 3 YEARS.

C. Willful violation or failure
to supervise:

i. Willfully violated:

ii. Willfully aided, abetted,
counseled,
commanded, induced,
or procured:

iii. Failed reasonably to
supervise another
person:

D. Sanction type details:

Sanction type: Bar (Temporary/Time Limited)

Registration capacities affected: ALL CAPACITIES

Duration (length of
time)/Explanation: 9 MONTHS

Start date/Explanation: 11/25/2011

End date/Explanation: 08/26/2012

E. Requalification type details:

F. Monetary related sanction type details:

Monetary related sanction type: Civil and Administrative Penalty(ies)/Fine(s)

Total amount: \$2,500.00

Portion levied: \$2,500.00

Payment plan:

Payment plan current:

Date paid / Explanation:

Penalty waived: No

Amount:

14. Comment:

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Occurrence#	1675108	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		
Filing ID	35391657	Form (Form Version)	U4 (05/2009)
Filing Date	10/08/2013		
Source	43035 - SOUTHEAST INVESTMENTS, N.C., INC.		
Disclosure Questions Answered	14E(2),14E(4)		

Regulatory Action DRP

DRP Version 05/2009

1. Regulatory Action initiated by:

A. Initiated by: Self Regulatory Organization

B. Full name of regulator: FINRA

2. Sanction(s) sought: Other: N/A

3. Date initiated/Explanation: 09/25/2013

4. Docket/Case#: 2011029407801

5. Employing firm: AMERIPRISE FINANCIAL SERVICES, INC.

6. Product type(s): No Product

7. Allegation(s): FINRA RULE 2010, NASD RULE 2510(B): WATKINS EXERCISED DISCRETIONARY POWER IN CUSTOMER ACCOUNT. WATKINS TRANSACTED THESE SECURITIES TRANSACTIONS IN HIS CUSTOMERS' ACCOUNTS WHEN HE DID NOT HAVE WRITTEN CUSTOMER AUTHORIZATION AND WITHOUT WRITTEN APPROVAL BY HIS MEMBER FIRM. THE FIRM DID NOT PERMIT DISCRETIONARY TRADING WITHOUT WRITTEN AUTHORIZATION. WATKINS, IN ACCOMMODATION TO HIS CUSTOMERS, ALSO RECYCLED CUSTOMER SIGNATURES AND SIGNED CUSTOMER SIGNATURES WITHOUT AUTHORIZATION ON VARIOUS DOCUMENTS, INCLUDING ANNUITY AND BROKERAGE CASH DISTRIBUTION AND REDEMPTION FORMS, BENEFICIARY CHANGE FORMS, ANNUITY RECEIPTS, AND ANNUITY DISCLOSURE FORMS.

8. Current status: Final

9. Limitations or restrictions while pending:

10. If on appeal:

A. Appealed to:

B. Date appealed/Explanation:

C. Limitations or restrictions while on appeal:

11. Resolution details:

A. Resolution detail: Acceptance, Waiver & Consent(AWC)

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Regulatory Action DRP

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3. Date initiated/Explanation: 09/25/2013
4. Docket/Case#: 2011029407801
5. Employing firm: AMERPRISE FINANCIAL SERVICES, INC.
6. Product type(s): No Product
7. Allegation(s): FINRA RULE 2010, NASD RULE 2510(B): WATKINS EXERCISED DISCRETIONARY POWER IN CUSTOMER ACCOUNTS. WATKINS TRANSACTED THESE SECURITIES TRANSACTIONS IN HIS CUSTOMERS' ACCOUNTS WHEN HE DID NOT HAVE WRITTEN CUSTOMER AUTHORIZATION AND WITHOUT WRITTEN APPROVAL BY HIS MEMBER FIRM. THE FIRM DID NOT PERMIT DISCRETIONARY TRADING WITHOUT WRITTEN AUTHORIZATION. WATKINS, IN ACCOMMODATION TO HIS CUSTOMERS, ALSO RECYCLED CUSTOMER SIGNATURES AND SIGNED CUSTOMER SIGNATURES WITHOUT AUTHORIZATION ON VARIOUS DOCUMENTS, INCLUDING ANNUITY AND BROKERAGE CASH DISTRIBUTION AND REDEMPTION FORMS, BENEFICIARY CHANGE FORMS, ANNUITY RECEIPTS, AND ANNUITY DISCLOSURE FORMS.
8. Current status: Final
9. Limitations or restrictions while pending:
10. If on appeal:
- A. Appealed to:
- B. Date appealed/Explanation:
- C. Limitations or restrictions while on appeal:
11. Resolution details:
- A. Resolution detail: Acceptance, Waiver & Consent(AWC)
- B. Resolution date/Explanation: 09/25/2013
12. Final order: No
13. Sanction detail:
- A. Sanctions ordered: Suspension
- B. Other sanctions:
- C. Willful violation or failure to supervise: No
- i. Willfully violated:
- ii. Willfully aided, abetted, counseled,

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

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commanded, induced,
or procured:

iii. Failed reasonably to
supervise another
person:

D. Sanction type details:

Sanction type: Suspension
 Registration capacities affected: ALL CAPACITIES
 Duration (length of time)/Explanation: THREE MONTHS
 Start date/Explanation: 10/21/2013
 End date/Explanation: 01/20/2014

E. Requalification type details:

F. Monetary related sanction type details:

14. Comment: WITHOUT ADMITTING OR DENYING THE FINDINGS, WATKINS
 CONSENTED TO THE DESCRIBED SANCTION AND TO THE ENTRY OF
 FINDINGS; THEREFORE HE IS SUSPENDED FROM ASSOCIATION WITH
 ANY FINRA MEMBER IN ALL CAPACITIES FOR THREE MONTHS. THE
 SUSPENSION IS IN EFFECT FROM OCTOBER 21, 2013, THROUGH
 JANUARY 20, 2014.

THIS SANCTION TAKES INTO CONSIDERATION THAT THE STATE OF
 OKLAHOMA PREVIOUSLY SANCTIONED RESPONDENT FOR THE
 ACTIVITIES IN QUESTION. RESPONDENT HAS SUBMITTED A SWORN
 FINANCIAL STATEMENT AND DEMONSTRATED AN INABILITY TO PAY. IN
 LIGHT OF THE FINANCIAL STATUS OF RESPONDENT, NO MONETARY
 SANCTIONS HAVE BEEN IMPOSED.

Occurrence#	1704599	Disclosure Type	Regulatory Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	36675160	Form (Form Version)	U4 (05/2009)
Filing Date	05/14/2014		
Source	43035 - SOUTHEAST INVESTMENTS, N.C., INC.		
Disclosure Questions Answered	14D(1)(a),14D(1)(b),14D(1)(d),14D(1)(e)		

Regulatory Action **DRP** **DRP Version** 05/2009

1. Regulatory Action initiated by:

A. Initiated by: Jurisdiction
 B. Full name of regulator: OKLAHOMA DEPARTMENT OF SECURITIES

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Regulatory Action **DRP**

DRP Version 05/2009

- 2. Sanction(s) sought: Other: 3 YEAR SUPERVISION BY INDEPENDENT COMPLIANCE CONSULTANT
- 3. Date initiated/Explanation: 03/29/2012
- 4. Docket/Case#: 12-058
- 5. Employing firm: AMERIPRISE FINANCIAL SERVICES
- 6. Product type(s): No Product
- 7. Allegation(s): THE DEPARTMENT ALLEGED THAT WATKINS ENGAGED IN UNETHICAL PRACTICES IN VIOLATION OF 660:11-5-42
- 8. Current status: Final
- 9. Limitations or restrictions while pending:
- 10. If on appeal:
 - A. Appealed to:
 - B. Date appealed/Explanation:
 - C. Limitations or restrictions while on appeal:
- 11. Resolution details:
 - A. Resolution detail: Settled
 - B. Resolution date/Explanation: 04/30/2014
- 12. Final order: No
- 13. Sanction detail:
 - A. Sanctions ordered:
 - B. Other sanctions: 3 YEAR SUPERVISION BY INDEPENDENT COMPLIANCE CONSULTANT
 - C. Sanction type details:
 - D. Requalification type details:
 - E. Monetary related sanction type details:
- 14. Comment: WITHOUT ADMITTING OR DENYING ANY RULES VIOLATIONS OR ANY ADJUDICATION OF LAW OR FACT ON APRIL 30, 2014 I ENTERED INTO A SEPARATE AGREEMENT WITH THE OKLAHOMA DEPARTMENT OF SECURITIES AGREEING TO RETAIN AN INDEPENDENT COMPLIANCE CONSULTANT FOR A PERIOD OF 3 YEARS TO REVIEW MY BROKER-DEALER AND/OR INVESTMENT ADVISORY ACTIVITIES ON A MONTHLY BASIS AND TO PROVIDE FOR AN ONSITE QUARTERLY REVIEW OF MY BROKER-DEALER AND/OR INVESTMENT ADVISORY ACTIVITIES.

Individual 3091936 - WATKINS JR., RODNEY LARRY

Reportable Events

Regulatory Action DRP

DRP Version 05/2009

REVIEWS OF HIS BUSINESS AS A BROKER-DEALER AGENT AND ANY POTENTIAL BUSINESS AS AN INVESTMENT ADVISER REPRESENTATIVE FOR THREE YEARS AND TO FILE A REPORT WITH THE DEPARTMENT ANNUALLY. AS PART OF THE AGREEMENT, THE DEPARTMENT ALLOWED WATKINS TO BECOME REGISTERED AS A BROKER-DEALER AGENT. THE AGREEMENT FURTHER PROVIDED THAT THIS ACTION WOULD BE REPORTED ON CRD.

C. Willful violation or failure to supervise:

- i. Willfully violated:
- ii. Willfully aided, abetted, counseled, commanded, induced, or procured:
- iii. Failed reasonably to supervise another person:

D. Sanction type details:

E. Requalification type details:

F. Monetary related sanction type details:

14. Comment:

WATKINS AGREED TO HIRE AN INDEPENDENT COMPLIANCE CONSULTANT TO PERFORM MONTHLY REVIEWS OF HIS BUSINESS AS A BROKER-DEALER AGENT AND ANY POTENTIAL BUSINESS AS AN INVESTMENT ADVISER REPRESENTATIVE FOR THREE YEARS AND TO FILE A REPORT WITH THE DEPARTMENT ANNUALLY. AS PART OF THE AGREEMENT, THE DEPARTMENT ALLOWED WATKINS TO BECOME REGISTERED AS A BROKER-DEALER AGENT. THE AGREEMENT FURTHER PROVIDED THAT THIS ACTION WOULD BE REPORTED ON CRD.

Regulator Archive and Z Records

<<No Regulator Archive and Z Records found for this Individual.>>

Composite Information

Individual CRD#: 5391062

Individual Name: GUILLORY, LAMAR M

Full Legal Name	GUILLORY, LAMAR MONTA				
Social Security Number	XXX-XX-XXXX				
Date Of Birth	/1971				
Employment	Name	SOUTHEAST INVESTMENTS, N.C., INC. (43035)			
	Firm Billing Code	LNR			
	Position	Registered Representative			
	Independent Contractor	Yes			
	CRD Branch Number	FINRA OSJ	Address	Firm Billing Code	NYSE Branch Code Number
	286315 - Supervised From	Yes	820 TYVOLA ROAD, SUITE 104 CHARLOTTE, NC 28217		
Non Registered Location - Located At		46 E. 16TH STREET TULSA, OK 74119	LNR		
Residential Address	TULSA, OK 74126				
Reportable Disclosures?	The specified individual has no disclosure that qualifies under this section (i.e., disclosure required to be reported on Form U4 or Form U5). Regulatory and Broker/Dealer Users: Please note that there are three types of disclosure in Web CRD: Reportable, Legacy and Archive disclosure. An individual with no reportable disclosure may or may not have Legacy or Archive disclosure. Investment Adviser Users: Please note that IARD does not include Legacy disclosure. Information reported on previous form filings through IARD is available under Filing History.				
Statutory Disqualification Status		Last Updated			
Has Material Difference in Disclosure?	No				
Current CE Status	Satisfied				
Disclosure Counts - Current Disclosures	Criminal	Regulatory Action	Customer Complaint	Other	
	0	0	0	0	
Disclosure Counts - Historical Disclosures	Criminal	Regulatory Action	Customer Complaint	Other	
	0	0	0	0	



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Registrations Summary

Individual CRD#: 5391062

Individual Name: GUILLORY, LAMAR M

Current Firm(s):

Registrations Summary With Current Employers

Firm Name	Firm CRD	Start Date	IARD Regs.	CRD Regs.	SFG Member
<u>SOUTHEAST INVESTMENTS, N.C., INC.</u>	<u>43035</u>	04/2012	N	Y	N

Prior Firm(s):

Registrations Summary With Prior Employers

Firm Name	Firm CRD	Start Date	End Date	IARD Regs.	CRD Regs.	SFG Member
<u>FINANCIAL WEST GROUP</u>	<u>16668</u>	12/2011	04/2012	N	N	N
<u>MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED</u>	<u>7691</u>	08/2007	12/2009	N	N	Y

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Registrations with Current Employers

Firm CRD # : 43035

Firm Name : SOUTHEAST INVESTMENTS, N.C., INC.

Employment Start Date	04/24/2012
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Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	<u>GP</u>	08/24/2012	09/25/2012	APPROVED	09/25/2012
FINRA	<u>GS</u>	04/24/2012	04/27/2012	APPROVED	04/24/2012
OK	<u>AG</u>	04/24/2012	05/16/2012	APPROVED	05/16/2012

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
TX	<u>AG</u>	10/02/2013	10/02/2013	APPROVED	10/02/2013

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Registrations with Prior Employers

Firm CRD # : 16668

Firm Name : FINANCIAL WEST GROUP

Employment Start Date	12/09/2011
Employment End Date	04/19/2012
Reason for Termination	Voluntary
Termination Comment	

Firm Name at Termination

FINANCIAL WEST GROUP

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	<u>GS</u>	12/09/2011	04/19/2012	TERMED	01/12/2012
OK	<u>AG</u>	12/09/2011	04/19/2012	TERMED	01/13/2012
OK	<u>RA</u>	01/18/2012	04/19/2012	TERMED	01/19/2012

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
NQX	<u>GS</u>	01/18/2012	04/19/2012	TERMED	01/18/2012

[Back to Top](#)**Registrations with Prior Employers**Firm CRD # : 7691 Firm Name : MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Employment Start Date	08/01/2007
Employment End Date	12/04/2009
Reason for Termination	Voluntary
Termination Comment	
Firm Name at Termination	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	<u>GS</u>	09/07/2007	12/09/2009	TERMED	10/23/2007
OK	<u>AG</u>	09/07/2007	12/09/2009	TERMED	11/19/2007
OK	<u>RA</u>	09/07/2007	12/09/2009	TERMED	11/19/2007

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
ARCA	<u>GS</u>	09/07/2007	12/09/2009	TERMED	10/23/2007
CBOE	<u>GS</u>	09/07/2007	12/09/2009	TERMED	10/23/2007
ISE	<u>GS</u>	01/28/2008	12/09/2009	TERMED	01/28/2008
NQX	<u>GS</u>	09/07/2007	12/09/2009	TERMED	10/23/2007
NYSE	<u>GS</u>	09/07/2007	12/09/2009	TERMED	11/28/2007
NYSE-MKT	<u>GS</u>	09/07/2007	12/09/2009	TERMED	11/28/2007
PHLX	<u>GS</u>	09/07/2007	12/09/2009	TERMED	10/23/2007
GA	<u>AG</u>	01/04/2008	12/09/2009	TERMED	01/04/2008
IL	<u>AG</u>	01/04/2008	12/09/2009	TERMED	01/04/2008
KS	<u>AG</u>	05/13/2009	12/09/2009	TERMED	05/13/2009
MT	<u>AG</u>	02/04/2009	12/09/2009	TERMED	02/04/2009
NV	<u>AG</u>	02/09/2009	12/09/2009	TERMED	02/09/2009
SC	<u>AG</u>	01/04/2008	12/09/2009	TERMED	01/04/2008
TX	<u>AG</u>	01/04/2008	12/09/2009	TERMED	01/04/2008
TX	<u>RA</u>	01/04/2008	12/09/2009	TERMED	01/04/2008

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U4 Employment HistoryIndividual CRD#: 5391062Individual Name: **GUILLORY, LAMAR M**

Office of Employment Address History								
From	To	Firm	CRD Branch Number	NYSE Branch Code Number	Firm Billing Code	Address	Type of Office	Private Residence
05/05/2014	Present	SOUTHEAST INVESTMENTS, N.C., INC. (43035)	Non Registered Location		LNR	46 E. 16TH STREET TULSA, OK 74119	Located At	No
04/24/2012	Present	SOUTHEAST INVESTMENTS, N.C., INC. (43035)	<u>286315</u>			820 TYVOLA ROAD, SUITE 104 CHARLOTTE, NC 28217	Supervised From	No
04/24/2012	05/05/2014	SOUTHEAST INVESTMENTS, N.C., INC. (43035)	Non Registered Location		LNR	1514 E. 48TH ST. NORTH TULSA, OK 74126	Located At	Yes
01/13/2012	04/19/2012	FINANCIAL WEST GROUP (16668)	<u>492808</u>		74H	1514 EAST 48TH ST. NO. TULSA, OK 74126	Located At	Yes
12/09/2011	04/19/2012	FINANCIAL WEST GROUP (16668)	<u>487768</u>		74A	4510 E. THOUSAND OAKS BLVD. WESTLAKE VILLAGE, CA 91361	Supervised From	No
12/09/2011	01/13/2012	FINANCIAL WEST GROUP (16668)	Non Registered Location		74A	1514 E. 48TH ST. NO. TULSA, OK 74126	Located At	Yes
08/01/2007	12/04/2009	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)	<u>92774</u>	050-595	050-595	6100 SOUTH YALE AVE TULSA, OK 74136	Located At	No
07/19/2007	09/07/2007	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (7691)	Non Registered Location			2 WORLD FINANCIAL CENTER NEW YORK, NY 10281	Located At	No

Please note that data contained in the U4 EMPLOYMENT HISTORY SCREEN is updated only by a U4 and does not reflect any changes made by the filing of a U5.

Employment History

From	To	Name	Investment Related Business?	City	State	Country	Position
04/2012	Present	SOUTHEAST INVESTMENTS, N.C. INC.	Y	CHARLOTTE	NC	USA	REGISTERED REPRESENTATIVE
05/2010	Present	CORPORATE PERFORMANCE GROUP	N	TULSA	OK	USA	CONSULTANT
12/2011	04/2012	FINANCIAL WEST GROUP	Y	WESTLAKE VILLAGE	CA	USA	REGISTERED REPRESENTATIVE
12/2009	04/2010	SELF-EMPLOYED	N	TULSA	OK	USA	INDEPENDENT CONTRACTOR
08/2007	12/2009	MERRILL LYNCH	Y	TULSA	OK	US	FINANCIAL ADVISOR
09/2002	08/2007	GREENWOOD CDC	N	TULSA	OK	US	CHIEF FINANCIAL OFFICER
10/2000	09/2002	WILLIAMS ENERGY	N	TULSA	OK	US	POWER TRADER
11/1997	10/2000	F&M BANK AND TRUST CO.	N	TULSA	OK	US	COMMERCIAL LENDER
06/1997	11/1997	AMOCO	N	TULSA	OK	US	ACCOUNTING

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STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

IN RE:)
RODNEY LARRY WATKINS, JR.)
ODS FILE NO. 12-058)
_____)

DEPOSITION
OF
FRANK H. BLACK

Taken by Oklahoma Department of Securities

Charlotte, North Carolina

May 14, 2014

* * * * *

Reported by: Mary L. Labonte, RPR

EXHIBIT

D

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1 APPEARANCES

2

3 COUNSEL FOR OKLAHOMA DEPARTMENT OF SECURITIES:

4 AMANDA CORNMESSER, ESQUIRE

5 JENNIFER SHAW, ESQUIRE

6 OKLAHOMA DEPARTMENT OF SECURITIES

7 First National Center, Suite 860

8 120 North Robinson Avenue

9 Oklahoma City, Oklahoma 73102

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13

14 COUNSEL FOR WITNESS:

15 PATRICK O. WADDEL, ESQUIRE

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18 One West Third Street

19 Tulsa, Oklahoma 74103-3522

20 918-588-1313

21 pwaddel@sneedlang.com

22

23

24

25

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1 CONTENTS

2

3 PAGE

4 EXAMINATION BY MS. SHAW 4

5

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7 ***

8

9 REPORTER'S NOTE:

10 If this transcript contains quoted material, such

11 material is reproduced as read or quoted by the speaker.

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1 On May 14, 2014, commencing at 10:03 a.m.,

2 the deposition of FRANK H. BLACK was taken

3 pursuant to notice and pursuant to the Oklahoma

4 Uniform Securities Act of 2004, on behalf of the

5 Oklahoma Department of Securities, at the Wyndham

6 Hotel, Asheville Conference Room, 6050 Tyvola

7 Glen Circle, Charlotte, North Carolina.

8 *****

9 PROCEEDINGS

10 Whereupon, FRANK H. BLACK, having been first

11 duly sworn, was examined and testified as

12 follows:

13 EXAMINATION

14 BY MS. CORNMESSER:

15 Q. Please state your full name.

16 A. Frank H. Black.

17 Q. And your date of birth?

18 A. 7-17-41.

19 Q. This deposition is taken today pursuant

20 to Section 1-602(b) of the Oklahoma Uniform

21 Securities Act of 2004 and it's in connection

22 with ODS file 12-058. Have you ever given

23 testimony in a deposition before?

24 A. Of course.

25 Q. If you need a break at any time, please

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1 let me know or tell your attorney and we will

2 take a break. Is there any reason that you will

3 not be able to answer my questions fully and

4 truthfully?

5 A. Not that I'm aware of.

6 Q. How long have you been affiliated with

7 Southeast Investments?

8 A. Of course I formed Southeast

9 Investments. We formed it on 7-1-97. So I own

10 Southeast Investments.

11 Q. What positions do you hold with

12 Southeast?

13 A. God, I've got about every license under

14 the sun. I'm a registered options principal.

15 I'm 24, I'm a 7. I'm -- I don't even know all

16 the licenses I have. They're on the CRD.

17 Basically I run the place.

18 Q. Are you the chief compliance officer?

19 A. I am. I didn't mean to omit that. I

20 guess I've got too many titles.

21 Q. Who drafted Southeast's written

22 supervisory procedures?

23 A. It's a funny story. So it's probably

24 been I would guess about eight years ago, ten

25 years ago. Of course FINRA does an audit every

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1 year or two years. And they come in and tell us
2 we need this or that. So we had to have written
3 supervisory procedures. We hired this outfit and
4 I guess the first ones were we had a guy out of
5 Florida writing them up.
6 Then I became concerned they weren't
7 quite elaborate enough so we hired an outfit
8 though our clearing firm, is National Financial,
9 which is Fidelity. And on there you can get
10 discounts for different services so I went on
11 there and found somebody who supposedly did
12 written supervisory procedures, had a telephone
13 interview with them. They asked questions and
14 assured me it was going to be personalized. They
15 charged me \$3,000 by the way.
16 And then they sent me was everything
17 but personalized. Among other things it said
18 that we didn't have any retail clients for
19 example. Well, that's what we are. We're a
20 retail brokerage firm. I called them and I said
21 obviously all you have done is sent me somebody
22 else's so they revised them, wanted to charge me
23 and I refused to pay it. But eventually we ended
24 up with them.
25 So the real answer is we have written

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1 supervisory procedures. They're under a constant
2 state of rewriting, if you will, as new
3 regulations come out.
4 Q. Do you have any input into the
5 rewriting of the --
6 A. Absolutely. Chief compliance officer.
7 Q. Do you ever make changes yourself to
8 the written supervisory procedures?
9 A. I type with one finger so if you're
10 saying do I type it in, no. But do I word it in
11 effect, yeah, yeah.
12 Q. Who actual types in the changes?
13 A. Jeannette's worked with me since, God,
14 1978 so 36 years and always before we were -- she
15 was gone for about, I don't know what the period
16 was, ten months or so. But we always sat next to
17 each other. I talk, she writes or she types.
18 It's that simple.
19 Q. Do you have a set time to update the
20 procedures?
21 A. Not really. We have them as necessary
22 as they come out with a new regulation or FINRA
23 comes in and says you need to add this or that.
24 It's as needed basically.
25 Q. Do you know when the last time they

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1 were updated?
2 A. I don't know the exact date, no.
3 Q. Have they been updated this year?
4 A. 2014? I think they have. What was
5 added or deleted or what date it was I honestly
6 can't tell you.
7 Q. Do you keep copies of the previous
8 versions of the written supervisory procedures?
9 A. Yes, of course, sure.
10 Q. Where are those kept at?
11 A. In the main office.
12 Q. Do agents of Southeast receive a copy
13 of the written supervisory procedures?
14 A. They do. So part of the broker kit, we
15 have a very elaborate broker kit we require
16 agents to sign off on, it's things like, you
17 know, anti-money-laundering policy, written
18 supervisory procedures, they acknowledge that
19 it's been sent to them and they read and
20 understand it and any questions, call. We've got
21 an elaborate form to fill out in terms of you
22 agree to do this, you agree not to do that, so
23 forth, so pretty comprehensive.
24 Q. When changes are made to the written
25 supervisory procedures, are they sent to agents

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1 immediately?
2 A. To my knowledge they are, yeah.
3 Q. Do you notify the agents what exactly
4 was changed in the written supervisory
5 procedures?
6 A. No. They're like me, they can read.
7 Q. Are they required -- are the agents
8 required to keep a copy of the written
9 supervisory procedures at their office?
10 A. Not a printed-out copy. It's on the
11 computer. Again, it's e-mailed to them so I
12 assume they've kept a copy.
13 Q. But is there a requirement that they
14 keep a copy?
15 A. Is there a requirement? Not that I'm
16 aware of. I'm not aware of a FINRA requirement.
17 Q. What is Jeannette Roberts' current
18 position with Southeast?
19 A. She came back as chief -- no, not chief
20 compliance officer. Compliance -- I just say a
21 compliance helper, if you will, is the title I'd
22 give her. Again she's always -- since 1978,
23 she's been a do-it-all. And now some of the
24 operations tasks are taken over by Craig Ferguson
25 so she's a little less involved in operations,

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1 but still she does a heck of a lot for me. I
2 still don't know how to write. I certainly can't
3 type. So we work about every weekend. She'll
4 come in and type stuff up for me or whatever.
5 She does everything. She's an unbelievable
6 person.
7 Q. Does she have specific job duties?
8 A. Well, her specific job duty is
9 obviously to look over compliance things. She
10 has to look at the order tickets. And of course
11 I look at them, too. She reads the letters. I
12 open the mail personally by the way, but she'll
13 read the mail in addition to me. If we've got a
14 broker record, she'll review it, we talk about
15 it.
16 Again I'm so used to -- it's --
17 anything and everything, she and I talk about, I
18 mean, if it's going on at that office. We
19 basically started that thing. I say, look,
20 theoretically David Plexico owns five percent of
21 the business, the only real partner I've ever had
22 is Jeannette Roberts.
23 Q. Does she own --
24 A. She might as well be a partner.
25 Q. Sorry.

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1 A. No, she doesn't own anything, no.
2 Q. Why did she leave Southeast?
3 A. There were a couple of brokers down in
4 Florida that offered her a job. But I think the
5 real answer was, as I just said, we work seven
6 days a week and we honestly do. And Jeannette is
7 kind of unique in that she will literally show up
8 at that office -- a late arrival for her is 6:00
9 in the morning. Okay. She takes work home.
10 She's always done everything.
11 If it needs doing, it is not going
12 to -- she's not going to stop until it's done so
13 she'll take work home, work on it, work -- come
14 in and Saturday, Sunday, work, take it home and
15 finish it. She got burned out my opinion. By
16 the way, I got to hire her back cheaper so it
17 didn't hurt my feeling.
18 Q. Did you contact her about coming back
19 to Southeast?
20 A. I definitely did. I just can't tell
21 you how much I missed her. I just called, hey,
22 you want -- she's everything but a partner in
23 terms of ownership, but she's definitely my
24 partner. Like I say, we've worked together since
25 1978, started at Merrill Lynch together.

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1 Q. Does Jeannette have a series 24
2 license?
3 A. No, she does not. She has a 7, I think
4 63.
5 Q. What is Dominique Black's position at
6 Southeast?
7 A. Well, I call everybody else as clerks.
8 You can call them what you want. I just say they
9 do what's necessary. She puts in -- she inputs
10 the information to the CRD obviously. She also
11 does payroll. She enters orders. Everybody does
12 about everything. We're a pretty doggone small
13 business and it's called you'd better know every
14 job because somebody else might be out that day
15 and I expect you to jump in and do it.
16 Q. Does Dominique have any securities
17 license?
18 A. No.
19 Q. How long has Dominique been with
20 Southeast?
21 A. Since -- strange answer since she's my
22 daughter. I can't tell you. I honestly don't
23 know. Several years, but the exact date I don't
24 know. She graduated from Wofford and I can't
25 tell you that date. But, you know, she

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1 graduated, I just called, come work for Daddy.
2 I get to look at her all day. We sit
3 in an open office and she is literally closer
4 than from here to that blackboard to me. So all
5 day long, open space, I get to look at my
6 beautiful daughter, walk in the door in the
7 morning and hug on her, buy her lunch every day,
8 get hugs before I leave in the afternoon. If you
9 can beat that deal, please tell me how.
10 Q. What is Craig Ferguson's position at
11 Southeast?
12 A. He's the operations manager, which
13 means that he took over some of the duties that
14 Jeannette was doing. His previous record was he
15 was with Interstate and was office manager down
16 in Rock Hill.
17 Q. What securities license does Craig
18 hold?
19 A. Don't quote me. I know he has a 7 and
20 I'm honestly not sure whether he has a 24.
21 Q. Does he do any compliance duties?
22 A. No.
23 Q. What exactly does the operations
24 manager do?
25 A. Pretty much everything. It's called

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1 make sure the office staff is functioning
2 efficiently if you will. He enters orders. He
3 talks to brokers. He sits -- talk about
4 Dominique being less than from here to that
5 blackboard. To my left seven and a half feet,
6 because we measured it, Jeannette used to sit
7 there, is Craig Ferguson. So we're constant
8 contact.
9 And anything I need done, Jeannette now
10 sits on the other side of the wall so I can't --
11 I've got to buzz her on the phone to tell her to
12 do something and it's more convenient to holler
13 at Craig and say, you know, enter this order or I
14 need this or that, give me this record kind of
15 thing. So basically the answer is about
16 everything.
17 Q. What is Amber Carroll's position with
18 Southeast?
19 A. Again I call them -- I don't know what
20 you call them, office assistant, clerk, whatever
21 you want to call them. She does -- again she
22 inputs new account information, she enters
23 orders. If I tell her to do something, she does
24 it.
25 Q. How long has she been with Southeast?

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1 A. Again, don't ask me. I would guess
2 more than five years. Time flies when you're
3 having fun.
4 Q. Do you know if Amber Carroll has any
5 securities license?
6 A. She does not.
7 Q. How many agents are licensed with
8 Southeast?
9 A. It varies from date to day. I'd say
10 somewhere between 140 and 150. I would guess 145
11 just to use a number.
12 Q. And how many of those agents do you
13 directly supervise?
14 A. All of them.
15 Q. Is there anyone else that supervises
16 the agents from the main office?
17 A. From the main office, no.
18 Q. Is there anyone else from branch
19 offices that supervise your agents?
20 A. That's a funny question. We have a
21 fellow in Louisville, Kentucky who has -- most of
22 our offices are one- and two-man offices. Most
23 of them are insurance agents so it is literally a
24 one-man office. We have very few that have more
25 than two. The fellow in Louisville has I think

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1 probably eight people. He has the licenses and
2 he says he's their supervisor.
3 Now, that means that when they open a
4 new account, he's actually signed it. But let's
5 be real clear. No. I'm their supervisor. When
6 that new account order form comes in, I sign it.
7 So I look -- I say look, I don't object to help,
8 but I'm the supervisor.
9 Q. But have you given him, the gentleman
10 in Louisville, authority to sign as the
11 supervisor?
12 A. I say, Jerry, you've got the license,
13 you're free to sign it, but I'm going to sign
14 underneath. Again, I don't object to it. It
15 wouldn't bother me if somebody else reviewed it.
16 And that's what I pride myself on. I want as
17 many eyes looking at that stuff as we can get.
18 Okay.
19 Q. What is your hiring process for new
20 agents of Southeast?
21 A. First thing I do is talk to them pretty
22 extensively and get acquainted with them and also
23 tell them what Southeast is. And what I tell
24 them about Southeast is basically, in my opinion,
25 we're Merrill Lynch in the early '70s before they

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1 got stupid and greedy. What I mean by that is we
2 have no proprietary products. We don't push
3 products. We don't have any fees. So the only
4 way we make money is they do commissions.
5 At the same time, we don't put pressure
6 on them to do commissions. I say you have to do
7 enough business to justify a relationship. The
8 way I put it to them, I don't care if you do 30
9 grand or 3 million. It honestly doesn't matter
10 to me. I could care less. It isn't going to
11 change my lifestyle. My idea of a great time is
12 4:00 comes, I'm on a bicycle riding it somewhere.
13 It's that simple.
14 Q. So you talk to the agents and --
15 A. And I'm sorry, I didn't finish
16 answering your question.
17 Q. No. You're fine. We'll kind of break
18 that question down a little bit. Who makes the
19 initial contact with agents?
20 A. I do. Either they've called me as a
21 result -- we have a little Internet ad we run,
22 okay, or it's a referral. So I'll talk to them.
23 Then I get -- we have a pre-hire consent form
24 where they give me their permission to print out
25 their CRD. Obviously it consists of full name,

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1 date of birth, social security number.
2 They give me permission to print out
3 their CRD. It tells me something about their
4 business, what kinds of business do you do, let's
5 make sure we're a fit, because what we don't do,
6 we don't do oil wells, we don't do lease deals,
7 we don't have any proprietary products we, don't
8 push -- the only time we're going to do a penny
9 stock, if it's on an unsolicited basis. And you
10 can't tell me that two people unsolicited buy --
11 choose to buy a penny stock unless they're
12 related. It's not going to run by me. Okay.
13 So I want to know about them. I want
14 to know their background. I want to look at
15 their CRD, their disciplinary history. If
16 there's something on there, is it serious, you
17 know, who are you, what do you do.
18 Q. Are the agents required to come to
19 North Carolina before --
20 A. No, no.
21 Q. Have you ever turned anyone away for
22 their disciplinary history?
23 A. Absolutely.
24 Q. What would be grounds to turn somebody
25 away based on disciplinary history?

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1 A. The one thing I will not put up with in
2 any fashion is somebody just outright mistreating
3 a client. Theft is never going to happen around
4 me. We have never had a penny disappear, my
5 association, ever with a broker dealer period.
6 And that's 43 years. So if there's any question
7 about the real honesty of that person, it's not
8 going to happen. Okay.
9 Q. Are any of the Southeast agents
10 currently on heightened supervision?
11 A. Actually I am. And I'm on heightened
12 supervision because FINRA's view is that every
13 dollar that comes through Southeast Investments,
14 because it comes -- I'm, if you will, the owner.
15 I'm responsible for it. So anything over
16 20 percent, of course, I'm required to be on
17 heightened supervision, which means David Plexico
18 supervises me.
19 Dan Sexton is -- now, just so you known
20 about Dan Sexton real quickly, Dan is living in
21 New York. Dan has no disciplinary history.
22 Okay. Just it's amazing what's on -- what I
23 think is going on with some of the states that
24 have asked that they be put on heightened
25 supervision. He used to travel with these bands.

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1 So the Grateful Dead, he travelled with
2 them. When I say travelled with them, he was one
3 of the people off to the side selling medicinal
4 herbs. Okay. Honest to God. You can look at
5 them on his CRD. And every town they'd go
6 through, obviously they suspected this must be
7 marijuana, it must be some kind of drug. They
8 tested. It wasn't. But here's all these arrests
9 and there's this suspicion that somehow he's
10 involved in drugs. And yet every time they
11 tested, it came back, you know, no.
12 And again, look, I don't smoke. I
13 don't drink. I've never done drugs in my life,
14 okay, and I never will. And if I thought
15 somebody had a drug problem, they wouldn't be
16 with Southeast Investments. So he's on
17 heightened supervision because I think California
18 insisted on it. So at the same time, I just
19 think he's no big threat.
20 Now, for what it's worth, the way we
21 supervise, the way I supervise, as far as I'm
22 concerned, everybody is on heightened
23 supervision. And here's what I mean by that
24 statement, every order that's done -- and we
25 don't allow brokers to input orders from their

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1 place. Obviously real quickly I need to tell you
2 what Streetscape is because I don't think you
3 know.
4 Merrill Lynch, AG Edwards, I mean,
5 anybody has a computer system where you can go on
6 and view clients' accounts, you can go on and see
7 the bond inventory, you can see who has money.
8 It's what I call the back office of our clearing
9 firm. Our clearing firm is National Financial,
10 wholly-owned subsidiary of Fidelity.
11 So you can go on there and see all this
12 stuff. But we don't allow brokers to transmit
13 orders from their location. I mean nobody. What
14 I want to see is I want to see everything that
15 happens. When you walk in my office -- now,
16 theoretically, my wife owns the building.
17 Practically I own the building.
18 You walk in the door, Dominique's
19 about -- near that blackboard, that's the front
20 door and me. I don't have an office. I'm
21 sitting -- when you walk in the door, you're
22 looking at me. Craig Ferguson is seven and a
23 half feet to my left. Amber Carroll is about ten
24 feet to my right. Kamia is about 20 feet, but
25 just about 10 feet to the right of Dominique. I

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1 want to see everything that happens.
2 If somebody wants to talk to me, all
3 they have to do is walk in the door. We don't
4 have voicemail. Okay. You want to talk to Frank
5 Black you just call, we don't have extensions,
6 say, hey, Frank. Everybody else is busy, I'm
7 going to answer the phone. I personally open the
8 mail.
9 Everything that happens in that place I
10 want to see it for one simple reason, you think
11 you're worried about supervision, I'm more
12 worried. And I'm more worried for one simple
13 reason, that's my hip pocket, okay. So I know
14 one thing, a bad broker can take us down, money
15 disappearing can take us down. I'm more
16 concerned than you'll ever be. So as far as I'm
17 concerned, everyone's on heightened supervision.
18 I want to see everything that happens if
19 possible.
20 Q. With Dan Sexton, is there an actual
21 heightened supervision plan?
22 A. There is for California. So we've got
23 him on heightened supervision, we agree to do
24 this and that and file reports and so forth.
25 He's only been with us -- I think he's been

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1 registered in California maybe two months at
2 most. He was just telling me he got registered
3 overnight in several other states.
4 Q. How do you determine who should be on
5 heightened supervision?
6 A. Disciplinary history. And the only
7 people we've ever had on heightened supervision
8 obviously is me, a fellow out of Washington state
9 who did over 20 percent of business on his own,
10 and Dan Sexton, and there may have been one or
11 two others. But in general I won't hire someone
12 somebody that I think requires heightened
13 supervision quite frankly.
14 Q. Do you have any customized supervision
15 plans for your agents?
16 A. Customized supervision plans? I don't
17 understand the question.
18 Q. Okay. Do you conduct onsite exams of
19 Southeast agents?
20 A. Yes.
21 Q. How frequently?
22 A. Depends on whether it's a branch,
23 non-branch, OSJ. We don't have any other OSJs so
24 I'd say branch office requirements are every
25 three to six months. And now we've got David

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1 Plexico and Jonathan doing branch offices in
2 addition to me.
3 Q. Okay. So there's three individuals
4 that do branch office onsite exams?
5 A. Right.
6 Q. What's the difference between a branch
7 office and a non-branch office?
8 A. Go back to FINRA regs which are pretty
9 doggone specific, you meet with clients, you
10 know, you do over 25 transactions. Again a heck
11 of a lot of our agents -- I'm going to emphasize
12 I don't push production. I really truly don't.
13 I know it sounds kind of funny from somebody in a
14 commission business. I just don't it. I don't
15 believe in it. I don't believe in pressure.
16 So FINRA rule is -- and most of our
17 guys make a living from the insurance business.
18 They're insurance agents. They want the ability,
19 in most cases, to write a variable annuity for
20 example. So if they do less than 25
21 transactions, they're not considered a branch.
22 And they don't advertise to the public and don't
23 meet with the public, so forth.
24 Q. Who makes the decision on whether the
25 office is considered a branch versus a

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1 non-branch?
2 A. I do.
3 Q. And how frequently do you do exams of
4 non-branch offices?
5 A. Well, of course according to FINRA
6 rule. It depends on whether I feel like it's
7 required. I've got one guy that does -- I mean,
8 he literally does about -- the good news is he
9 told me up front what he did. Like I say, I'll
10 never have a production requirement. He does
11 \$7,500 a year. But that's what he told me. He's
12 an insurance agent. And I do that one just as I
13 feel the need, which is very infrequently because
14 he puts in so few orders, he's got basically
15 nothing to supervise.
16 And you have to understand the way we
17 operate, everything comes here. So the new
18 account forms end up being opened in this office,
19 the variable annuity paperwork is required to be
20 sent to this office. They can't send it direct
21 to the carrier. The mutual fund paperwork is
22 required to come to my office to be approved and
23 then sent on to the carrier.
24 Q. Do you approve business websites for
25 your agents?

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1 A. I do.
2 Q. How do you know if an agent as a
3 business website?
4 A. A couple of ways. Number one, we
5 require them to tell us. In addition, we go on
6 and do a search through Google, Google is a
7 wonderful thing, and look, you know, for this and
8 that. It's one of the things Jonathan does. And
9 if we spot something, we ask why the hell didn't
10 you tell me. Okay. And there'd better be a good
11 excuse.
12 Q. And if the agent has a website that you
13 find that they have not disclosed, will you
14 discipline that agent?
15 A. Absolutely.
16 Q. What would an example of discipline be
17 for that?
18 A. More than likely fire them, okay, or
19 just say look if it happens again, you're out of
20 here, okay, one of the two, pretty strong wording
21 used as called. And the funny part of some of
22 this stuff, I don't understand why. I mean,
23 there's no -- it's if you look at our checklist,
24 you know, they're required every six months or
25 annually at least to certify I have done this, I

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1 have done that, for a reason.
2 I want it understood, here's what
3 you're required to do, now, if you don't do it, I
4 want to understand why not. And there's no
5 consequences for preparing a website. All that's
6 got to happen is it's got to be approved, just
7 tell me about it.
8 Q. What is required to be on the clients'
9 business website?
10 A. Well, of course it's got to say
11 securities offered through Southeast Investments,
12 OSJ me or the office address, 820 Tyvola Road and
13 so forth. And obviously there can't be any
14 inflammatory statements, you know. I'm looking
15 for is it what I call a normal, approved website.
16 You know, don't give me crap, don't make
17 promises.
18 Q. How frequently do you check Google or
19 does Jonathan check Google to find the websites?
20 A. We have set up I said, look, here's how
21 many brokers we have, just on a rotating basis go
22 through and check names. We prohibit them from
23 using all these -- I don't even know what Twitter
24 is. I mean, I know the name, I know it's a
25 stock. I've never bought the stock. I honestly

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1 don't know what it is. But, you know, one of the
2 things they sign off is I won't use that. It's
3 part of our policy, you won't use Twitter and
4 whatever these other things are to communicate
5 with clients regarding securities.
6 Q. We may have discussed this, but
7 Jonathan, he has a series 24?
8 A. He does. He has a 7 and 24.
9 Q. And what is his title with the company?
10 A. Well, he's my son. I don't even know
11 what his title is. Chief son I guess.
12 Q. Okay.
13 A. And he's got some title, but titles
14 don't mean anything to me. It's just --
15 Q. Does he have any ownership in
16 Southeast?
17 A. He doesn't yet. If I get run over,
18 it's his. In the meantime, it's mine.
19 Q. Talk about the order process when --
20 what client documents are required to open a new
21 account?
22 A. Well, depends on what kind of account
23 obviously, but if we're talking about a
24 regular -- again our clearing firm is National
25 Financial. So what I would regard as a regular

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1 brokerage account; in other words, they can do
2 stocks, bonds, mutual funds, you know, all these
3 different things through National Financial.
4 National Financial has a new account
5 form. It's pretty elaborate. It's got trusts on
6 there and every doggone thing under the sun.
7 They have also got a nonqualified account, just a
8 regular brokerage account. And then a qualified
9 account, IRA, SEP; in other words, some kind of
10 retirement account, it's a separate form. A
11 broker has got to fill that out. It has got to
12 come to us.
13 Now, it can be called in, it can be
14 faxed in, it can be e-mailed in. We put -- input
15 the information -- after I've approved it
16 obviously, we input the information, get an
17 account number, it goes on Streetscape, which
18 means that now the broker can review it. One
19 important step is that every single document that
20 a client signs, including that new account form,
21 they're going to get a copy of it. I mean, every
22 single document. If that signature is on that
23 form, they're going to get a copy of it.
24 Part of the new account opening form is
25 that once it's opened, we send them a copy of the

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1 new account form, we ask them to review it, it's
2 got my number on there, my business card is
3 enclosed, see anything wrong, let me know.
4 MR. WADDEL: Excuse me. You keep using
5 the terms "they" and "them." You mean the new
6 client?
7 THE WITNESS: The new client.
8 MR. WADDEL: Okay.
9 THE WITNESS: I'm sorry.
10 A. Now, that's the regular National
11 Financial new account forms. The other form is
12 what I call -- basically I stole it from Merrill
13 Lynch -- copied, not stolen, but copied the basic
14 information from the old Merrill Lynch form.
15 Obviously now you update it for driver's license
16 and the new requirements. It's a much simpler
17 form. But again it inputs the information for
18 away business; that is, variable annuities or
19 mutual funds. We do very few LEAPS, but that's a
20 separate form from the other. Again, the client
21 has to sign it, it's reviewed, we copy it, they
22 get a copy. They get a copy of every app.
23 Anything that's got their signature on they're
24 going to get it.
25 Q. So the brokerage new account forms,

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1 they are not all National Financial forms? The
2 brokerage versus the form that would be from the
3 previous Merrill Lynch form, they're not a
4 Southeast form? It's a form that was created by
5 National Financial?
6 A. Correct. So again our clearing firm --
7 and do you know what a clearing firm is? Yes,
8 no?
9 Q. I'm going to ask the questions here.
10 A. Okay. Well, I just need to know if you
11 know. So National Financial is our clearing
12 firm. The way I put it is we're not members of
13 the New York Stock Exchange or any exchange. So
14 they generate all statements. They actually
15 execute the order. They generate the confirms.
16 Every check is always made payable to
17 National Financial. Nothing is ever made payable
18 to Frank Black, Rodney Watkins or Southeast, no
19 such thing. Okay. So they have to take in the
20 client's money to execute the orders, generate
21 the statements, confirms. I don't know a good
22 analogy, you probably do. That's what a clearing
23 firm is.
24 Q. How are the new account forms submitted
25 to Southeast?

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1 A. How are they submitted?
2 Q. Are they submitted by mail?
3 A. Some of them are, some aren't.
4 Q. How are they --
5 A. So if we're talking about a National
6 Financial account form, they can, you know, call
7 in and get a new account number if an order needs
8 to be put in that day.
9 Q. I'm going to interrupt you real quick.
10 Who is they can call in and get a new account
11 number?
12 A. A broker.
13 Q. A broker?
14 A. Yeah.
15 Q. Okay.
16 A. So again it's got to be -- and
17 ultimately it's going to end up in a printed
18 form, which is going to be approved by me.
19 Q. Do you approve the printed form or do
20 you approve the information after it is submitted
21 to Street -- or entered into Streetscape?
22 A. That's a funny question. And the
23 answer is normally I see the printed form and
24 approve it. But in any event, I approve the
25 information so I don't care what -- if you give

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1 me a client's name, all I care is I have got the
2 name, I have got the social security number, I
3 have got data in terms of income, net worth, and
4 so forth.
5 Q. Do you ever verify the Streetscape
6 information, compare it to the actual new account
7 form?
8 A. Do I independently do that?
9 Q. Yes.
10 A. No. That's why I have clerks. And
11 again, the ultimate verification is sending that
12 new account form to that client with my letter
13 that says enclosed is your new account form,
14 please review it, anything that needs correcting,
15 let me know immediately. And every now and then
16 somebody will say my date of birth is wrong or
17 you misspelled my name. You know, we get those
18 kind of replies.
19 Q. Does the client have access to
20 Streetscape?
21 A. No. Yeah, well, actually they do.
22 Actually they do. So when a client has an
23 account through National Financial, they can log
24 in and view their accounts so they can see their,
25 you know, positions, their money, and so forth.

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1 Q. Can they see their new account
2 information?
3 A. I'm honestly not sure. I've never
4 logged in as a client.
5 Q. As a matter of fact, to clarify my last
6 question when I said can they see, can the client
7 see their new account?
8 A. Well, the point is, in the meantime,
9 they've seen it because they got a printed copy
10 of it. And just so you know, any changes of
11 address have to be in writing, signed by the
12 client. A broker can't call in and say change
13 the client's address, change the name, do
14 anything. It's got to be signed by the client.
15 They're going to get a copy from -- they're going
16 to get a letter from National Financial that says
17 we have a new account or change of address, they
18 send it to the old address and the new address,
19 if there's anything wrong with this, please let
20 us know. They issue all checks. We don't issue
21 checks out of the Charlotte office.
22 Q. What documents are required to place an
23 order?
24 A. What documents are required? A broker
25 calls in and says, I want to buy 100 shares of

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1 General Motors. So we've got to have who's the
2 client, what is the account number, what's the
3 commission, solicited unsolicited, shares, price
4 you want it executed at, just regular fill out an
5 account form -- or I'm sorry, an order form.
6 Q. Does the broker fill out the order
7 form?
8 A. No. We fill it out.
9 Q. Is there a different process for
10 different types of products? For example a
11 mutual fund versus a stock, is there a different
12 process to complete an order?
13 A. There's a different form.
14 Q. And --
15 A. There's a mutual fund form -- and not
16 to confuse you, but -- so there's a mutual fund
17 order, there's a stock form. And I say stocks,
18 it covers stocks, options, preferred stocks, I
19 mean everything but a mutual fund. But that's
20 separate from a variable annuity or an away
21 business. So those literally come to us in
22 writing with a new account form. Okay.
23 So a broker wants to buy a variable
24 annuity, here's the new account form, here's the
25 disclosure form, here's the filled-out form from

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1 the variable annuity company.
2 Q. Were brokers ever -- brokers agents of
3 Southeast ever required to complete mutual fund
4 order tickets?
5 A. Required? They can do it if they want
6 to. The point is we're required to have records,
7 they're required to have records. And the rule
8 basically says you have to have access to the
9 records. If they need a copy of anything, we can
10 maintain them. So I say you're free to keep
11 them, but are you required to keep them? No.
12 Q. So it is possible that an order ticket
13 could be completed by the agent and not
14 Southeast?
15 A. The way you're asking the question, the
16 implication is that he can complete an order
17 ticket and we haven't. We -- he may complete an
18 order ticket, but we are definitely going to
19 complete an order ticket.
20 Q. Okay. If a broker, an agent, fills out
21 an order ticket and sends it to Southeast, do you
22 accept that order ticket or do you copy the
23 information and complete your own order ticket at
24 that point?
25 A. We complete our own order ticket.

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1 That's what I'm trying to say to you. You know,
2 we take the orders, we fill them out.
3 Q. Is there a suitability check when the
4 order is placed?
5 A. I'd say suitability occurs every day.
6 It's called I review the orders, I know who the
7 clients are in general, I go on Streetscape and
8 see what the suitability is.
9 Q. So for each order, do you go to
10 Streetscape to check suitability?
11 A. No. You know better than that.
12 Q. How do you reflect your review of the
13 order tickets?
14 A. Initial them, initial the blotter.
15 Q. You initial the blotter?
16 A. Yeah.
17 Q. Is the blotter initialled each day?
18 A. It is.
19 Q. Who creates the trade blotter?
20 A. In general, operations manager.
21 Jeannette did do it. I think now Craig does it.
22 Q. Are you the only one that would review
23 the trade blotter?
24 A. Well, again, I want every eye we can
25 get on it so they've looked at it and now the

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1 final approval is mine.
2 Q. Your initials would be the only one on
3 the trade blotter?
4 A. Yeah, yeah, sure. And I say that, you
5 know, if I'm absent, obviously David Plexico can
6 do it in my absence. By the way, he is a
7 partner. He's got five percent supposedly.
8 Q. Is an agent ever required to confirm
9 that an order was placed?
10 A. Is an agent ever required? I don't
11 understand the question.
12 Q. If an agent calls in an order that day,
13 the order ticket is completed by Southeast, the
14 order is approved, does the agent have to follow
15 up on that order to make sure it was completed?
16 A. Does -- I honestly don't understand the
17 question. Now, if you're using Streetscape, they
18 can go online to see the order's been completed.
19 You know, it used to be you called all the agents
20 back and said we executed the order. Now you got
21 computers and you've got access to them, just got
22 to go on there and, you know, see that it's been
23 done.
24 Q. Is the agent required to go onto
25 Streetscape and see that the orders been placed?

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1 A. They're sitting in an office or
2 wherever, and I say look if you don't, dummy,
3 you're stupid because if an error occurs, it's
4 your error, okay, if you told us the wrong amount
5 or whatever. So if you're smart, what you're
6 going to do is go on there and make darn sure
7 that if you asked us to by 100 shares of General
8 Motors, we bought 100 shares of General Motors
9 because if by accident you told us to sell it,
10 ultimately you're going to be responsible. If
11 it's our error, we're going to take it; but if
12 it's his error, guess what, he's going to take
13 it.
14 Q. Who at the Southeast main office
15 reviews agent correspondence?
16 A. I do.
17 Q. What is reviewed?
18 A. What -- did you ask what is reviewed?
19 Q. Yes.
20 A. Letters, faxes, e-mails, anything
21 correspondence.
22 Q. How frequently do you review it?
23 A. Obviously -- by the way, one of the
24 things I do is personally open the mail so if
25 there's ever a complaint, I see it right now. If

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1 there's something from a client, I see it right
2 now. So I'd say kind of realtime. You know, if
3 I've got an e-mail, I'm either going to print it
4 out that day or certainly the next morning,
5 preferably that day.
6 Q. If you have an agent that's sending out
7 a letter to someone, a client, someone outside
8 the firm, do you review that letter before it
9 goes out?
10 A. If it concerns securities, I want to
11 see it. It's over 25, I'm required to see it.
12 So the answer is they'd better have me review it.
13 Now, if they're writing their girlfriend to
14 arrange for lunch, I can care less. If they want
15 to arrange a golf date, I could care less. If it
16 involves securities, you getter doggone well make
17 sure I see it.
18 Q. How do you verify that you have seen
19 that correspondence regarding securities?
20 A. The real answer is there is no way in
21 the world that you, I, or anybody else can be in
22 every office and see everything everybody does.
23 I brought A.G. Edwards to Charlotte as the branch
24 manager. The first one in Charlotte's history.
25 Down in Columbia, in an office I didn't

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1 supervise, they had a broker inside a private
2 office in there sending out letters to sell a
3 scam. So the real answer is it comes down, at
4 some point, you have to rely on that broker to
5 either be honest or at some point, it's going to
6 turn out it wasn't, in which case, you're going
7 to be fired.
8 Q. When you do onsite exams of the agents,
9 do you look for their correspondence file?
10 A. I do.
11 Q. Do you look for e-mail files?
12 A. They're not required to keep an e-mail
13 file. Of course again I have got them. I'm
14 going to look at -- basically say do you use
15 e-mail at all. Out of 140-something brokers, we
16 have 27 who even use e-mail, give you an idea
17 what I talked about earlier. Most of them are
18 old fogies like me. If I didn't have to use it,
19 I wouldn't use it. So in general, the answer is
20 yes, but very few use it.
21 Q. What is your e-mail address?
22 A. Fstockjock@aol.com.
23 Q. Would you spell it out just to make
24 sure the court reporter has it?
25 A. F, like Frank, stock, s-t-o-c-k, jock,

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1 j-o-c-k, @aol.com.
2 Q. Do you have a Southeast e-mail as well?
3 A. I do. Never used it.
4 Q. Do any of the Southeast employees have
5 an address with Southeast?
6 A. They do.
7 Q. Are they required to have the e-mail
8 address?
9 A. No.
10 Q. Do you know who hosts the Southeast
11 e-mail?
12 A. I honestly don't. I'm not sure if it's
13 the telephone carrier or National Financial. I
14 just know we wound up with an e-mail address of
15 Southeast. One e-mail address, to me, is as good
16 as another.
17 Q. Do you ever check your Southeast
18 e-mail?
19 A. Never looked at it.
20 Q. Does anyone have access to look at your
21 Southeast e-mail?
22 A. I don't think so. I don't know that I
23 have ever given it to anybody.
24 Q. Are Southeast agents allowed to use
25 e-mail for their business?

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1 A. They are.
2 Q. Are they provided with a Southeast
3 e-mail?
4 A. No. They're free to use whatever
5 e-mail they want. The rule is you have to notify
6 me as part of the pre-hire consent -- or not
7 pre-hire consent, but the broker kit, tell me
8 what your e-mail addresses are. They certify it
9 once or twice a year, notified you of all
10 e-mails, sent them to you. You've the checklist
11 so they certify they send me what they're
12 required to send.
13 Q. Do you ask for a password for the
14 agent's personal e-mail?
15 A. Not in this lifetime, no.
16 Q. So the only way you would review the
17 agent's e-mail is if they send it to the firm?
18 A. Or I go in the branch office and say
19 turn on your e-mail and let's do searches for key
20 words.
21 Q. But they're not required to keep any
22 e-mails?
23 A. Not required to keep --
24 Q. Is an agent required to keep their
25 business e-mail?

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1 A. If you're asking me an agent sent an
2 e-mail to Joe Blow, he is required to copy me so
3 I've got the record, do I require that he retain
4 that? I can care less whether he retains it
5 quite honestly. I've got it, which is the point.
6 And the rule reads that he's got to have access
7 to it. If I've got it, he's got access to it.
8 Q. Are agents required to maintain a
9 correspondence file at their office?
10 A. They are.
11 Q. Is a client -- or is a file required to
12 be kept for each client?
13 A. No. It's a general correspondence
14 file. Now, in the main office, we keep a
15 separate file obviously for each client. In
16 addition, we have a correspondence file that
17 probably contains all the letters, too. I want
18 more backups. However many more we can get, the
19 better.
20 Q. How does Southeast maintain the e-mails
21 that they receive from their agents?
22 A. Print them out. Print them. FINRA
23 says print them out, put them in a box. We asked
24 the question one time do you want them separated,
25 the e-mails over here and the faxes over here and

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1 the letters over here, and they said no, we want
2 them in chronological order. In addition, I keep
3 them on my computer.
4 Q. Are they kept by the agent as well?
5 A. No. Do a search, find anybody you want
6 to so why do I want to keep an agent file?
7 Again, they said put them in the order that you
8 receive them so here's Joe Blow, here's Jon
9 Black, and here's whatever.
10 Q. Does the -- do the employees at
11 Southeast maintain all the e-mails they receive?
12 A. Do they maintain all the e-mails they
13 receive? If they're regarding securities, then
14 I've been copied on it. If they're regarding --
15 I don't even know another e-mail you could be
16 talking about quite honestly. I don't know --
17 it's like an agent, I'm not aware anybody's
18 deleted them. Don't misunderstand me. I'm just
19 saying I don't require they're not deleted, I'm
20 not aware of anybody who has deleted them.
21 Q. What do you do to verify an agent's
22 outside business activity?
23 A. A couple things. Number one, they're
24 required to disclose it as part of the broker
25 kit. They're required to certify, annually or

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1 semiannually, any new outside business
2 activities. They understand, and one thing we
3 emphasize, if you don't disclose, it's a
4 problem; if you do disclose, who cares. You
5 know, I've got to approve it obviously. My rules
6 are, it's honest, it's legal, it's good for the
7 client, it's good for you, we're going to approve
8 it. Okay. But they're required to put them on
9 there. We'll do an independent Google search and
10 see if we can come up with names. But in
11 general, at some point, you have to say I can't
12 know everything. I think Madoff is proof of
13 that, wasn't he?
14 Q. What Southeast employees can make
15 changes to CRDs?
16 A. I think Dominique at this point is
17 probably the only one. Jeannette, at one point,
18 could because she was the operations manager and
19 like I say does everything. She may or may not
20 have a little input to that. But in general,
21 Dominique does it.
22 Q. Is the firm required to make U4
23 updates?
24 A. Of course.
25 Q. Are the updates required to be made

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1 within a certain time period?
2 A. In 30 days. If they don't notify us,
3 then FINRA fines them, get a pretty substantial
4 fine. One of the things on our checklist is
5 you'd better let us know because you're going to
6 get fined.
7 Q. Does Southeast ever make updates
8 without notifying the agent?
9 A. No.
10 Q. Does Southeast ever make updates on
11 their own, not agent initiated? Does Southeast
12 initiate the updates?
13 A. Does -- if we get some kind of notice
14 from a regulator, obviously we have to update the
15 form. It isn't initiated by the broker, but
16 obviously they're notified if that's what you
17 mean. If we're required to do it, we're going to
18 do it approval of broker or not.
19 Q. What steps does the agent have to
20 complete to have an update made on their U4?
21 A. What steps? If they know about it,
22 they're required to tell us about it. So
23 obviously, if they've got for example a customer
24 complaint, you have to send it to me. I have to
25 be aware of it. Then it's going to go on their

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1 record. I'm not quite sure I understand the
2 question. But, you know, they have to notify us
3 of anything that requires an update. And we have
4 got -- one of things that you'll find in our
5 checklist, we need to know about liens, we need
6 to know about bankruptcies, we need to know new
7 complaints. It's a regular checklist. One of
8 the things that amazes me is brokers will say I
9 didn't know that and believe it or not, in some
10 cases I accept they didn't know that. A lot of
11 guys take a test 20 years ago and they should
12 keep up with the rules, but as a practical
13 matter, they don't know every rule. You and I
14 don't either.
15 Q. Outside of the checklist on what to
16 update, do you give the agents any personal
17 guidance?
18 A. Yes. It's called real simple update
19 your record when it's required, here's a
20 checklist certify it every two months -- or every
21 twice a year, once a year. And I talk to them,
22 you know, here's what I want from you at
23 Southeast Investments, keep it honest, keep it
24 legal, let's have fun and make money.
25 Q. If an agent requests an update, is

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1 there a policy on when the update must be made by
2 Southeast?
3 A. Yeah. The policy is FINRA's policy.
4 It's got to be within 30 days. If it's over
5 30 days, they're going to get fined. As a
6 practical matter the answer is as soon as we can
7 possibly do it.
8 Q. Do you verify updates?
9 A. Absolutely.
10 Q. Is the agent required to verify the U4
11 updates?
12 A. They are. They're sent a copy and of
13 course we talk about it beforehand, you know,
14 what I want is I want your input on what
15 happened -- not your input, their input on what
16 happened in terms of the wording. I don't want
17 to say something they don't agree with. Now, if
18 I disagree with what they want, it's going to be
19 my wording. Don't misunderstand me. Okay. But
20 I want to make sure we get the facts right and
21 then we're going to input the information. What
22 I'm after is facts.
23 Q. Would an agent have access to CRD?
24 A. No.
25 Q. How did you meet Rodney Watkins?

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1 A. It was probably in response to, like I
2 said, we have a little Internet ad that we run.
3 I don't swear to it, my memory is we either got
4 an e-mail reply or a phone call from him, one of
5 the two, and we got acquainted with him. And he
6 told me immediately what the problem was. And
7 again I got a pre-hire consent. I printed out
8 his CRD. He's been a broker for about I think 18
9 years and no customer complaints. And my
10 immediate reaction to him was, Rodney, you're
11 just plain dumb, okay, you know, you shouldn't
12 have done it. Okay. But again it happens.
13 Q. So what was the problem with Rodney?
14 A. Of course he was at Merrill Lynch I
15 forget the exact number of years, but a long
16 time, and no customer complaints, apparently no
17 problems there. He went to Ameriprise and this
18 dodo, his statement is he was trained --
19 MR. WADDEL: Excuse me. Explain who
20 dodo is.
21 THE WITNESS: This dodo is Rodney
22 Watkins. Okay.
23 A. This dodo, Rodney Watkins, says that at
24 his previous firm, he was told to gather orders,
25 if you will, for three days and then input the

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1 orders. Now, that used to be allowed. And this
2 is what I mean by sometimes brokers aren't aware
3 of the rule changes. The new rule says you can't
4 use time discretion beyond the actual date. I
5 could have somebody give me an order this morning
6 and put it in this afternoon, but I can't have
7 them give me an order today and put it in
8 tomorrow. He said I was trained that way. So
9 they giggered him on or wrote him up, Ameriprise
10 did, for batching orders and then putting them in
11 on Thursday. I didn't view that as a big, big
12 problem.
13 The big problem was in order to
14 accommodate the client, somebody would call in
15 and apparently Ameriprise required that to issue
16 a check, that the client's signature appeared on
17 a form. And Rodney would either sign the
18 client's name or take a client's signature from
19 somewhere else and put it on that form. And I
20 want to emphasize no harm to the client, with the
21 client's permission, but nonetheless, he's
22 violating a rule.
23 Quite often when you're doing a
24 variable annuity or mutual fund, variable
25 annuities in particular, there might be multiple

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1 places to sign and he had either signed the
2 client's signature where they had forgotten or he
3 had forgotten to furnish a form, out of ten
4 forms, he might have forgotten one, either to
5 sign it or transpose a signature. It's called
6 wrong, you're stupid, don't do it.
7 Q. Before Rodney Watkins became affiliated
8 with Southeast, did he come to North Carolina?
9 A. Not before. But he did -- he did
10 shortly thereafter. And it was while Jeannette
11 was gone because I remember specifically Craig
12 and him talking about they're both sports nuts.
13 The only sport I like is basically bicycle
14 riding. Okay. But I was impressed that both
15 Rodney and Lamar, Lamar specifically played at
16 Notre Dame and a kid from Rock Hill, Jeff Burris,
17 used to be the captain of the Notre Dame football
18 team when Lamar Guillory was there. So I knew
19 enough about sports to relate to that.
20 But really, really nice people, just
21 got along real well with them. And again I
22 emphasized to both of them, look, here's the way
23 we operate, okay, and it's called do it right.
24 Q. Why did they come to North Carolina?
25 A. If I remember correctly, and don't

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1 quote me, but I think Lamar had two purposes.
2 Obviously to come by and get acquainted with me.
3 If I remember correctly, Lamar has a relative in,
4 I think it's Columbia, which is right across the
5 state line. I live in Rock Hill and Columbia is,
6 as we sit here, about 85 miles away. So he went
7 over to visit relatives.
8 Q. Does Rodney Watkins engage in insurance
9 business on behalf of Southeast?
10 A. No, he does not engage -- when you say
11 insurance business, part of insurance business is
12 variable annuities. And I'm sorry, I need --
13 MR. WADDEL: Do you want me to get you
14 something?
15 THE WITNESS: I need just something to
16 drink, anything, water. My throat's getting dry.
17 A. He has -- his wife has, I should say,
18 and he have an insurance agent's tax planning
19 accounting practice as I understand it. He has
20 an insurance license. He's licensed to do
21 variable annuities through Southeast, but I'm not
22 aware -- I don't think he's done any variable
23 annuities.
24 He does not do his life insurance
25 through Southeast or, you know, if he sells

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1 health insurance, which he probably does, he
2 doesn't do it through Southeast because what I
3 encourage brokers to have, as long as it's honest
4 and legal, you can have an outside business and
5 you're not required to run it through us. I'm
6 not greedy, okay, so I encourage you to have
7 every source of revenue you can have, just make
8 darn sure you tell me about it and it's honest
9 and legal. So he does not run the insurance
10 business through us.
11 Q. So is Southeast paid any commissions
12 for Rodney Watkins' insurance products?
13 A. No, not a penny.
14 Q. Why did you choose to associate with
15 Rodney Watkins?
16 A. I looked at his CRD and I thought
17 here's a kid who's been around for 18 years as a
18 broker, he's made a mistake. Okay. And
19 sometimes you learn from your mistakes. So I
20 looked at the whole record and I said there have
21 been no customer complaints, he's stupid, okay,
22 every now and then all of us are stupid.
23 And I compared it kind of like -- again
24 I love driving. I'm slow on a bike, but fast in
25 a car. And the comparison I came up with kind of

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1 like every now and then, I get a speeding ticket.
2 That's why I love WAZE by the way, W-A-Z-E, helps
3 you prevent tickets. But every now and then, I
4 get and a ticket, a cop will come up and write me
5 a ticket.
6 And by the way, I way love policemen.
7 That's where I'm going tomorrow is Kiwanis
8 because I support police down in Rock Hill,
9 big-time worthy camp down there, great
10 organization. But every now and then, I get a
11 ticket and they come up and give me a ticket and
12 I pay the fine and we go on with our lives.
13 And that's the way I viewed what Rodney
14 had done. You made a mistake, you didn't kill
15 anybody, you know, you shouldn't be hung, you
16 ought to be censured. I do know what the
17 censures are. Typical censure for FINRA is
18 they're going to suspend you for 90 days,
19 30 days, may give you just a warning, and they'll
20 probably fine you. And that to me is
21 appropriate.
22 It says, no different than when I'm
23 speeding, give me a doggone ticket, I should have
24 learned my lesson. But by the way, sometimes I
25 question whether I did. But in Rodney's case,

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1 he'd better.
2 Q. What steps are taken by Southeast to
3 make sure that Rodney didn't pre-sign forms
4 anymore for clients?
5 A. Real doggone simple, I can't emphasize
6 it enough, every client-signed form, they're
7 going to get a copy in the mail. I don't care
8 whether it's, you know, to add money to a mutual
9 fund. If they signed their signature, they're
10 going to get a copy in the mail.
11 The other thing we do is, before they
12 get a copy in the mail, we match up signatures, I
13 mean, every doggone one of them. So there's
14 going to be none of this crap with Ameriprise
15 going for, what, a year or two years and all of a
16 sudden, here's this batch of, well, you did this
17 and you did that.
18 I promise you one thing, the first time
19 it happens at Southeast, it's going to be caught.
20 Okay. You're not going to white out a signature,
21 you're not going to sign somebody's name, unless
22 you're an excellent forger. But even then, that
23 client's going to get a copy in the mail and
24 they're going to get an opportunity to say that's
25 not my signature. If it's not their signature,

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1 we're going to have a problem.
2 Q. Rodney Watkins had problems with
3 Ameriprise, too, for failing to disclosure
4 outside business activity. Has Southeast taken
5 any steps to make sure that that violation
6 doesn't occur again with Rodney Watkins?
7 A. Yeah. A couple of them we emphasized.
8 So in that broker kit it says tell me all outside
9 business activities, certify it once or twice a
10 year, and then we're going to Google and see if
11 we can find any others.
12 Q. Did Rodney Watkins consult with you
13 before he entered the agreement with the
14 department in August of 2012?
15 A. He did.
16 Q. Did you give him any guidance?
17 A. Yeah.
18 Q. What did you discuss with Mr. Watkins?
19 A. I honestly don't recall specifics. I
20 just remember we talked about it. We talked with
21 Pat Waddel, his lawyer, and we talked about what
22 the ramifications could be, what the time period
23 should be, what he was agreeing to, and so forth.
24 Q. There was a nine-month suspension as
25 part of that agreement that was backdated. Were

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1 you aware that Rodney Watkins had continued to do
2 business during that nine-month time period?
3 A. When you backdate a doggone thing and
4 you've been licensed in Texas, California, and
5 Kansas -- and yes, I was aware that he was doing
6 business in those states because he was properly
7 licensed by FINRA, Texas, California, and Kansas.
8 So was I aware he was doing business?
9 Absolutely. Like I said, all orders have to be
10 called through the main office.
11 Q. Where was Rodney's office located
12 during that time he was doing business?
13 A. To my knowledge, he was located in
14 Texas. In 2012, we did an office search over
15 there. We've got that documented. I think you
16 have those records. I had a conversation with
17 him and asked him specifically where he was and
18 he said I'm in my sister's house. I said, well,
19 have you got an office over there, yes, what's
20 the location and so forth. I questioned him on
21 every order, where was he sitting, you know,
22 where are you at. And to my knowledge, in every
23 instance, he was in Texas.
24 Q. Do you know if Rodney Watkins had any
25 correspondence with the Oklahoma Southeast

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1 clients during the time he was suspended or not
2 licensed in Oklahoma?
3 A. I don't recall specifically. I know
4 there were no orders placed in Oklahoma. That
5 I'm 100-percent sure of.
6 Q. Did you have any discussions with
7 Rodney Watkins about dealing with Oklahoma
8 clients?
9 A. Absolutely. Don't do it, you're not
10 licensed. That's the advice we give every
11 client. You're not going to place orders -- and
12 just so you know, the CRD system shows where
13 everybody is licensed. You can't put an order in
14 over the National Financial system if you're not
15 licensed in that state. It won't take it. So
16 it's real simple, you ain't going to do it.
17 If you're not licensed in Oklahoma,
18 you're not going to go place a stock trade of any
19 kind or a bond trade of any kind. It's not going
20 to go through Southeast Investments, it's not
21 going to go through National Financial.
22 Q. How did you meet Lamar Guillory?
23 A. I think I was actually introduced to
24 him obviously by Rodney because one of your
25 requirements, talking about the State of

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1 Oklahoma, was he be directly supervised. And my
2 memory is that they had known each other
3 previously and had some kind of business
4 relationship. And, you know, Lamar agreed to be
5 in that office and doing business because again
6 they wanted to do business together anyway.
7 And then again I met him when he came
8 to Charlotte with Rodney. We had gone through,
9 by the way, the same process in terms of hiring,
10 give me a pre-hire consent, print out the CRD, so
11 forth, totally clean record to my memory.
12 Q. Why did you choose to associate with
13 Lamar?
14 A. Great guy. He understands the rules.
15 My memory is he has nothing on his CRD. All I'm
16 looking for is a broker who understands the
17 rules, you know, going to do some business, I
18 don't care how much just as long as there's
19 enough there to justify a relationship. And yet
20 even that has an exception as in my statement
21 earlier about a guy who does 7,500 bucks. And I
22 think on that, I probably make -- 20 percent of
23 7,500 bucks is \$150 a year to give you an idea.
24 Q. Did you recommend --
25 A. I'm sorry, it's \$1,500.

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1 Q. -- that Lamar Guillory take the series
2 24?
3 A. If I'm not mistaken, I think he already
4 had it. But if not, he certainly had to take it
5 to supervise Rodney.
6 Q. Did you ever recommend that Rodney take
7 a series 24?
8 A. We talked about it and he wanted to
9 take it so I think it was probably his idea.
10 Q. Does Southeast provide any training to
11 individuals after they pass their series 24?
12 A. There's no training required. When you
13 say training, again I am the chief compliance
14 officer, I'm the OSJ. FINRA, when you pass that
15 24, it says that you are qualified to supervise.
16 They have CE requirements. We send out training,
17 if you will, in terms of -- but the big training
18 is talking to me, follow the rules.
19 You get the same certification
20 everybody gets, twice a year you're going -- once
21 or twice a year, you're going to certify all
22 these things. There's no specific requirement
23 for -- once you've got a 24, you've got a 24.
24 Q. Did Lamar supervise Rodney Watkins?
25 A. Strange question, isn't it, because you

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1 all reneged on the deal. So I would say he's
2 probably now, in terms of in that office, he's
3 there with him. But I still say I'm the
4 supervisor for Rodney Watkins. What you're now
5 requiring is somebody else come in and certify
6 they were supervising him. So strange question.
7 Q. Who supervises Lamar?
8 A. I do.
9 Q. During the time that Rodney Watkins was
10 not licensed in Oklahoma, so prior to April 30th
11 of 2014 then, did Lamar place orders for Oklahoma
12 with clients of Southeast?
13 A. I don't recall specifically, but Lamar
14 has clients of his own and off and on he places
15 trades. What dates those are, I can't sit here
16 and tell you I know from memory what they are.
17 Q. Where's Lamar's principal place of
18 business?
19 A. I think in general it's Rodney's
20 office. But again our agents are free to operate
21 out of their cars, out of their homes. You know,
22 if they're going to have a physical location
23 required to be a branch, then you register as a
24 branch. But they can basically operate anywhere.
25 I have an office at my house in Rock Hill.

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1 Q. How do you communicate with Lamar?
2 A. In general by phone.
3 Q. What steps do you take to supervise
4 Rodney Watkins?
5 A. What steps do I take to supervise
6 Rodney Watkins? Same steps I take to supervise
7 everybody so it's all the things we've been
8 talking about. Every time a new account form
9 is -- new account is opened, it's required to
10 come here, be approved and input by us. All
11 correspondence, e-mails and so forth, are
12 required to be here. It's all the things we've
13 talked about so it's the same supervision
14 everybody else has.
15 I look at it and say, in my opinion,
16 every broker I have, compared to a Merrill Lynch
17 is on heightened supervision. I brought A.G.
18 Edwards to Charlotte, sit in the back office.
19 Out there is the operations department. Every
20 now and then, I review orders and talk to
21 brokers. I supervise everything. It's called I
22 want to see everything because that's my hip
23 pocket.
24 Q. Have you been to Rodney Watkins' office
25 in Tulsa?

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1 A. I have not.
2 Q. How about his office in Dallas?
3 A. I have not.
4 Q. How do you communicate with Rodney
5 Watkins?
6 A. Mostly by phone.
7 Q. Have you communicated by e-mail?
8 A. I can't recall specifically. We
9 probably have. I'm not trying to avoid your
10 question, I just don't recall specifically.
11 Q. Where was Rodney's office in 2012?
12 A. If you're talking about for the
13 insurance and accounting business helping his
14 wife, it was in Oklahoma. If you're talking
15 about in Texas, he operated at some point out of
16 his sister's office. At some point, he opened an
17 office over there, and you have got the address,
18 I don't in my memory, but he's got an office over
19 there in addition to that.
20 Q. Did you suggest to Rodney that he get a
21 Texas office?
22 A. Absolutely. I said why don't you move
23 there. People are nuts in Oklahoma, my opinion.
24 Q. Why did Rodney's Dallas office change
25 location?

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1 A. Why did his Dallas office change
2 locations? What do you mean by that?
3 Q. He went from his sister's house to an
4 office space. Why?
5 A. Why? Because he chose to do so.
6 Q. Did you give him any advice that he
7 needs to?
8 A. I told him it would probably be a good
9 idea. I think he made -- basically he's free to
10 do either, didn't matter to me. You know, you
11 can have an office address, you can have your
12 sister's address, all I require is that you tell
13 me, you know, where you're calling the order
14 from. I could care less.
15 Q. Is Rodney required to keep any
16 documents at his Texas office?
17 A. Is he required? He has to have access
18 to our written supervisory procedures, but he's
19 required to obviously have a complaint file, I
20 mean, all the normal FINRA stuff. And if there's
21 a complaint, it's got to be on file. His
22 correspondence. He's either got to have access
23 to it through me or have a correspondence file.
24 But it's the normal office stuff.
25 Q. And how would you know if Rodney was in

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1 Texas or Oklahoma when trades were effected?
2 A. How's does your boss know you're here
3 today?
4 Q. My question was: How did you know
5 Rodney was in Texas or Oklahoma when trades were
6 effected?
7 A. I get a call from and ask him where he
8 is and he says I'm in Texas. We had discussions,
9 he's in Texas. Do I know for a fact? I didn't
10 fly out there and physically see him in Texas if
11 that's what you're asking.
12 Q. Did Rodney Watkins ever provide you
13 with any evidence that he had travelled to Texas?
14 A. I've seen a hotel bill if I'm not
15 mistaken. I have see the lease for the office
16 address in Texas. I have seen documents that
17 indicated that he was in Texas if that's what
18 your question was.
19 Q. When did he provide those documents to
20 you?
21 A. The exact date, I don't know. I don't
22 have a clue.
23 Q. Were they provided at the time that the
24 trade was effected?
25 A. Can I tell you specifically from memory

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1 that I know that? I can't tell you from memory.
2 I can tell you that my understanding was they
3 were. I do recall seeing -- and we had the
4 discussion about the office being in Texas. I
5 recall there was a search there and I got some
6 evidence of that at some point. He told me where
7 he was talking about locating an office. He told
8 me where his sister lived. But from memory can I
9 sit here and tell you, you know, what date did I
10 get those, I don't have the clue.
11 Q. Did Rodney stay with his sister or did
12 he stay in a hotel when he was in Texas?
13 A. Both. My memory is I've got somewhere
14 a hotel bill or evidence of a hotel bill and I
15 also know that, from what I was told, you know,
16 he stayed with his sister.
17 Q. We would like a copy of that hotel
18 bill.
19 A. Okay.
20 Q. Did Rodney ever request any U4
21 amendments be made?
22 A. Did he request them? Well, obviously
23 you required that he put stuff on his CRD so when
24 you say requested, he made me aware of them.
25 And, you know, things like office address, I'm

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1 sure he requested in that sense if that's what
2 you mean.
3 Q. Did you tell him that he needed to
4 change his residential and office address to
5 Texas on CRD?
6 A. He didn't need to change his
7 residential at all. I live in South Carolina and
8 I operate out of an office in Charlotte. There's
9 no requirement that my home address change just
10 because I'm a broker in Charlotte, North
11 Carolina. There's no requirement that his home
12 address change from Oklahoma to Texas.
13 Q. So did you tell him that he needed to
14 change his residential address to Texas on his
15 CRD?
16 A. I did not. There's no requirement.
17 Q. Did Southeast report the current action
18 that we're here for filed against Rodney on his
19 CRD?
20 A. Did we report his action? Yes, my
21 knowledge, we did.
22 Q. Why did Rodney send you that hotel
23 bill?
24 A. Well, let me back up a minute. Let me
25 back up a minute. What do you mean by this

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1 action we're here for today? I don't quite --
2 Q. The department's action filed on
3 March 29, 2013, was that reported on Rodney's
4 CRD.
5 A. Tell me what that action was.
6 Q. Okay. Why did Rodney submit a hotel
7 bill to Southeast?
8 A. Why did he submit a hotel bill to
9 Southeast? Well, obviously I want to know, you
10 know, are you in Texas. Okay. I like some
11 proof, too. It's my -- to the best of my memory,
12 he did.
13 Q. Did you advise Rodney to change his
14 residency to Texas for his insurance license?
15 A. Did I advise him to change his
16 residency to Texas? I honestly don't recall. I
17 don't -- again, he doesn't -- to my knowledge, he
18 doesn't do any insurance business through
19 Southeast. I would assume, being registered in
20 Texas as a broker, we may or may not have applied
21 because he hasn't done any insurance business.
22 I don't think he's done a variable
23 annuity, which would require the insurance
24 license be in Texas. But his health insurance
25 and his life insurance, to my knowledge, he's

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1 properly licensed in Oklahoma so I don't know why
2 he would need to change his insurance license to
3 Texas.
4 Q. Was Rodney Watkins suspended by FINRA?
5 A. My memory is he was suspended for
6 90 days and fined 2,500, \$3,000 dollar, the
7 appropriate sanction, and they forgave the fine
8 and suspended him for I think it was 90 days.
9 Q. How did you learn about the suspension?
10 A. Well, obviously we have to communicate
11 with FINRA and he has to communicate with FINRA.
12 They notified us and then disapprove put it on
13 the CRD. And during that time, we changed all
14 the accounts, even those in Texas, California and
15 Kansas, over to Lamar Guillory so there would be
16 no orders entered by Rodney Watkins.
17 Q. What did you do to make sure the
18 suspension was complied with?
19 A. What I just said. So first of all, we
20 required that he not do any business. We
21 wouldn't take any orders from him because you
22 can't do business while you're suspended. There
23 were no clients in his name because they were all
24 transferred over to Lamar during that suspension
25 period. But the big thing is we wouldn't take

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1 any orders.
2 Q. Do you know if Rodney talked to any
3 clients during his FINRA suspension?
4 A. Not that I'm aware of is the answer.
5 You know, not to say he couldn't have or --
6 there's just no prohibition, to my knowledge, to
7 call a client and say let's arrange a golf date
8 or, you know, I'm under suspension for 90 days,
9 as soon as I'm back in business I'll let you
10 know. Did he? I don't know is the real answer.
11 Q. What is Watkins and Associates?
12 A. My understanding is they're an
13 insurance and tax preparation firm. And I'm
14 never quite sure, I have to look at the record,
15 whether he or his wife owns it. My understanding
16 is that Rodney works there during the tax season
17 especially and helps his wife with tax
18 preparation and does insurance business out of
19 there.
20 Q. Does Lamar work at Watkins and
21 Associates?
22 A. Again I'd have to look at the record in
23 terms of does he do insurance through them. I
24 honestly don't know. It would be on his outside
25 business activity if he does. But again

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1 insurance as such doesn't come through us. I
2 don't see the applications. If he's doing
3 medical insurance or whatever they do, I don't
4 see the applications. Obviously I don't see
5 their tax preparation work. So whether he does
6 that for them I honestly don't know.
7 Q. Did Lamar submit a business card to
8 Southeast that had Watkins and Associates on the
9 business card?
10 A. From memory I can't tell you. I think
11 I can recall he submitted one and if he did, then
12 it's got the proper wording on there and may very
13 well say Watkins and Associates and may have that
14 address. I just don't know from memory.
15 Q. Does Watkins and Associates have a
16 website?
17 A. They do.
18 Q. Have you reviewed that website?
19 A. I have.
20 Q. Does it have -- has it been approved to
21 have Southeast Investments on the website?
22 A. It has if it's on there and I think it
23 is. Again you're asking me things from memory.
24 I just know I look at things at the time and
25 either approve them or disprove them.

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1 Q. When did you first learn of the
2 website?
3 A. It's like asking me what I had for
4 lunch two weeks ago. You know, can I give you a
5 date? I don't know.
6 Q. Did you learn of it when Rodney became
7 affiliated with Southeast?
8 A. Again you're asking a question I don't
9 know the answer to. I know this, that in the
10 broker kit, he's required to advise us of any
11 websites so my assumption, and it is an
12 assumption, is that I was advised of it at the
13 time. If it was, then I looked on there and
14 looked at it.
15 Q. Why don't you consider the Watkins and
16 Associates office in Tulsa a branch office?
17 A. FINRA rule says unless you do over 25
18 transactions a year, you don't have to be
19 registered as a branch. You suspended Rodney's
20 license all that time. He had a total of
21 whatever number of transactions in Texas and
22 California -- well, Texas and I think Kansas.
23 But Lamar does very little business. What he
24 does mainly is either mutual funds or variable
25 annuities. But very little business takes place

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1 in that office in terms of a residential branch.
2 Q. Do you object to the Watkins and
3 Associates Tulsa branch being registered as a
4 branch office?
5 A. Not at all. All it requires is you
6 register them. They pay a registration fee. It
7 doesn't come out of my pocket. There's no --
8 there's no harm in registering it or not
9 registering it except we have to obey the rules
10 as soon as we hire them in that sense.
11 Q. When did Lamar Guillory start working
12 out of the Watkins and Associates office in
13 Tulsa?
14 A. From memory, I can't tell you. I
15 guess, you know, again there's a hiring process
16 that's either there on it or it's not. From
17 memory what date and if you ask me how long Lamar
18 has been with us specifically, I can't tell you.
19 Q. Well, I will tell you that Lamar's
20 business address was changed to Watkins and
21 Associates on May 6th of this year, May 6, 2014.
22 Why was his address changed at that time?
23 MR. WADDEL: Excuse me, May 26th of
24 this year?
25 MS. SHAW: I'm sorry. May 6th. I'm

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1 sorry, Pat. Thank you.
2 Q. May 6th. I'm sorry. Lamar's address
3 was changed to the Watkins and Associates address
4 on May 6, 2014. Why was that changed at that
5 time?
6 A. He had to have advised us he wanted to
7 change it or else he would have been -- what the
8 word -- same sense you asked me what I had for
9 lunch two weeks ago, I don't know. I just know
10 we follow the procedures and people notify us and
11 we find out and we do what we're required to do.
12 Q. Did you perform an annual compliance
13 interview with Lamar Guillory in 2012?
14 A. An annual compliance interview? Yes.
15 Q. In 2013?
16 A. I had to have, yes.
17 Q. Do you recall what was discussed during
18 those interviews?
19 A. Not specifically. I have a regular
20 checklist. I call brokers and say let's go over
21 these items, have a discussion.
22 Q. Is the broker required to complete a
23 checklist on their own for the compliance
24 interview?
25 A. No. You can do a compliance interview

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1 by phone, video, in-person.
2 Q. So you have a documentation to show
3 that you completed those compliance interviews --
4 A. Of course.
5 Q. -- with Lamar? Did you do compliance
6 interviews for Rodney Watkins in 2012?
7 A. I would have had to, sure.
8 Q. And in 2013?
9 A. Yes.
10 Q. I would like copies of those compliance
11 interview notes for 2012 and 2013 for both Lamar
12 and Rodney.
13 MR. SHAW: And, Pat, I'll follow up
14 with an e-mail if that is helpful.
15 Q. What articles do you send out during
16 the year to your agents?
17 A. What articles do I send out? When you
18 say articles, obviously we sent out the
19 compliance checklist I mentioned numerous times.
20 We have a firm element, which consists of things
21 that jump out at me. You know, I'll see where
22 somebody got gigged for a compliance violation or
23 some new regulation FINRA's come out with or some
24 scam's going on or something that I think needs
25 bringing to the attention of a broker, I'll send

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1 them the article.
2 Q. In November of 2013, Rodney Watkins'
3 CRD of his address, residential address, business
4 address were changed to Texas and they were
5 actually backdated until June of 2013. Do you
6 know why that was done?
7 A. My assumption -- and the answer is I
8 don't know. But the reasonable assumption is we
9 had been notified to do that.
10 Q. Would you have been notified to
11 backdate it to June of 2013?
12 A. I don't even understand how something
13 can be backdated. It's either there or it's not.
14 I don't understand that. It doesn't make any
15 sense to me.
16 Q. Did Rodney consult with you before he
17 entered the agreement on April 30, 2013 with the
18 department?
19 A. Did he consult with me? He consulted
20 with me and Pat. We consulted together, sure.
21 Q. Did you give him any advice before he
22 entered that agreement?
23 A. Yeah.
24 Q. What was that advice?
25 A. That's confidential between me and the

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1 lawyer and him.
 2 Q. The advice that you gave to Rodney
 3 personally is not confidential. What advice --
 4 A. It was in a --
 5 Q. -- did you give to Rodney --
 6 A. It was in a conversation with his
 7 lawyer, Rodney, and myself and I think that is
 8 privileged.
 9 Q. Did Southeast pay any of Rodney's legal
 10 fees?
 11 A. No.
 12 Q. Did you personally pay any of Rodney's
 13 legal fees?
 14 A. No.
 15 Q. Did you give an advance to Rodney
 16 Watkins?
 17 A. Did I give an advance? Ever? I may
 18 have at some point because I give brokers
 19 advances all the time. But if you ask me
 20 specifically did I give him an advance, I can't
 21 tell you from memory I did or did not. But it is
 22 not unusual. I think brokers right now owe me --
 23 last -- last period they owed me \$66,000 if I
 24 remember correctly.
 25 Q. Does Rodney owe you any money?

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1 A. Not that I'm aware of. And if he does,
 2 he owes me 100 bucks or something. I'm not aware
 3 of anything he owes me.
 4 Q. And does Rodney owe Southeast any
 5 money?
 6 A. Not that I'm aware of. Maybe some
 7 registration fee or some incidental, but I'm not
 8 aware of anything from memory.
 9 Q. Does Southeast create any type of
 10 exception reports?
 11 A. Exception reports. We have available
 12 exception reports. I say everything to me is an
 13 exception so unlike a Merrill Lynch, where
 14 they've got a manager sitting off in some remote
 15 location and has to then look for an exception
 16 report, I say everything is an exception to me.
 17 I see things as they happen. I review things as
 18 they happen. So as such, I don't need exception
 19 reports.
 20 MS. SHAW: I would like to go off the
 21 record.
 22 (The deposition was concluded at
 23 11:26 a.m.)
 24 (Signature was reserved.)
 25

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1 AMENDMENT PAGE
 2 IN RE: RODNEY LARRY WATKINS, JR.
 3 DEPOSITION OF: FRANK H. BLACK
 4 I, FRANK H. BLACK, certify that I have read my
 5 deposition, which was taken on May 14, 2014, and
 6 request that the following changes, if any, be made:
 7 Page ____ Line ____
 8 Correction: _____
 9
 10 Page ____ Line ____
 11 Correction: _____
 12
 13 Page ____ Line ____
 14 Correction: _____
 15
 16 Page ____ Line ____
 17 Correction: _____
 18
 19
 20 _____
 21 Frank H. Black / /14
 22
 23
 24
 25

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1 SIGNATURE PAGE
 2
 3 IN RE: RODNEY LARRY WATKINS, JR.
 4 DEPOSITION OF: FRANK H. BLACK
 5
 6 I, FRANK H. BLACK, do hereby certify that I have
 7 read the foregoing deposition and that the foregoing
 8 transcript is a true and correct record of my
 9 testimony, subject to the attached changes, if any, on
 10 the amendment page.
 11
 12
 13 _____
 14 FRANK H. BLACK
 15
 16 Subscribed and sworn to before me this ____ day of
 17 _____ 2014.
 18
 19 _____
 20 Notary Public
 21
 22 My commission expires: _____
 23
 24
 25

1 STATE OF NORTH CAROLINA)
2) CERTIFICATE OF TRANSCRIPT
3 COUNTY OF MECKLENBURG)
4

5 I, Mary L. Labonte, RPR, and Notary Public in and
6 for the aforesaid county and state, do hereby certify
7 that the foregoing pages are an accurate transcript of
8 the deposition of Frank H. Black, which was reported by
9 me on behalf of Oklahoma Department of Securities in
10 machine shorthand and transcribed by computer-aided
11 transcription.

12 The deponent and parties did not waive the signing
13 of the deposition by the deponent.

14 I further certify that I am not financially
15 interested in the outcome of this action, a relative,
16 employee, attorney or counsel of any of the parties,
17 nor am I a relative or employee of such attorney or
18 counsel.

19 This 15th day of May, 2014.

20
21 _____
22 Mary L. Labonte
23 Registered Professional Reporter
24 Notary Public No. 201227500033
25

Jennifer Shaw

From: Jennifer Shaw
Sent: Friday, May 16, 2014 3:01 PM
To: Patrick O. Waddel; David Jorgenson ; Amanda Cornmesser
Subject: ODS File 12-058

Pursuant to our discussions during the depositions of Frank Black and Jeanette Roberts, please send the following:

- A copy of any hotel receipt provided by Rodney Watkins to Frank Black;
- Copies of Frank Black's compliance interviews for Rodney Watkins for the years 2012 and 2013; and
- Copies of Frank Black's compliance interviews for Lamar Guillory for the years 2012 and 2013.

Additionally, Frank Black's deposition transcript reads that he keeps all emails on his computer regarding agents. It does not appear that the emails we have previously received regarding Rodney Watkins are from Frank's computer. We would request that Frank do a search of his computer and provide us with any emails relating to Rodney Watkins.

Please provide a copy of the back of Rodney Watkins' insurance business card.

Please provide this information to the Department on or before Thursday May 22, 2014.

Carol Gruis is available for her deposition on either May 27 or 28, 2014. And we would propose June 3 or June 4, 2014 for Ronica Watkins' deposition. Please let us know which dates you prefer for both depositions.

Jennifer Shaw
Enforcement Attorney
Oklahoma Department of Securities
120 N. Robinson Ave., Ste. 860
Oklahoma City, OK 73102
(405) 280-7736

EXHIBIT

E

SOUTHEAST INVESTMENTS, N.C. INC.
WRITTEN SUPERVISORY PROCEDURES
AUGUST 2013

IX. CORRESPONDENCE

FINRA RULES 2210, 3010, 3010 (D)(1), AND NOTICE TO MEMBERS 98-11, 99-03

A. Supervisory Responsibility.

The Designated Supervisory Principal shall be responsible for reviewing incoming and outgoing correspondence with the public and for establishing written procedures for such review process which are appropriate in light of the Company's structure and the nature and size of our business and operations. The Designated Supervisory Principal shall periodically re-evaluate the effectiveness of the Company's procedures and make revisions as are necessary.

B. Incoming Correspondence.

1. **Daily Review.** The Designated Supervisory Principal shall open and review randomly, incoming correspondence on a daily basis for the purpose of identifying any: client complaints; inquiries or instructions from clients; problem situations involving client accounts; and, to ensure that client funds and securities are handled in accordance with Company procedures as well as other issues of material importance. The CCO may designate an associated person to open incoming non-electronic correspondence provided that the associated person:
 - Has received training in the Company's procedures;
 - Can identify customer complaints and funds; and
 - Understands the Company's distribution procedures.

The Designated Supervisory Principal will sign or initial and date a copy of the correspondence to evidence approval and maintain in a general correspondence file.

2. **Complaints.** All complaints received, whether in printed or electronic format, must be reported to FINRA in compliance with *Rule 3070(c)*, and should be otherwise be handled in accordance with the procedures described in the *Complaints* of this Manual.

C. Outgoing Correspondence.

1. **Approval.** The Designated Supervisory Principal shall review and approve all out-going broker/dealer correspondence prior to sending. Each representative will forward, fax or send a paper copy of all outgoing correspondence pertaining to the solicitation or execution of transactions to his/her Designated Supervisory Principal for approval. The Designated Supervisory Principal will sign or initial and date a copy of the correspondence to evidence approval and maintain in a general correspondence file.
2. **Standards for Review.** All out-going correspondence to the general public should be reviewed to ensure compliance with all applicable regulatory requirements, including, but not limited to the standards set forth in *FINRA Rule 2210, paragraphs (d) and (f)*, as applicable, and *FINRA Rules 3010(d), 3110 and 3070*. Particular attention should be given to ensuring that all correspondence contains: both the name of the Company and the person sending the correspondence; appropriate disclosures and notices; an appropriate address for responses to the correspondence; information which is appropriate and permitted for the subject matter of the correspondence; and, information which is true, factual and in no way misleading.
3. **General Prohibitions on Content of Correspondence.** Individual correspondence is prohibited from:
 - Making exaggerated, unwarranted, or promises of specific results, unwarranted superlatives, opinions for which there is no reasonable basis, or forecasts of future events which are unwarranted or not clearly labeled as forecasts.
 - Offering free services unless the service is entirely free and without condition or obligation.
 - Making claims for research or other facilities beyond those that the Company can provide.
 - Including hedge clauses if they are misleading or inconsistent with the content of the material.
 - Implying endorsement or approval by regulatory organizations.
 - Characterizing income or investment returns as tax exempt or tax-free where a tax liability is merely postponed or deferred.

SOUTHEAST INVESTMENTS, N.C. INC.
WRITTEN SUPERVISORY PROCEDURES
AUGUST 2013

- Predicting or projecting investment results.
- 4. **Additional Standards.**
 - Written and electronic communications prepared for a single client shall be subjected to:
 - the general standards set forth in *FINRA Rule 2210*; and,
 - the specific standards of *FINRA Rule 2210* that prohibit misleading statements.
 - Written and electronic communications prepared for a single client shall *not* be subjected to:
 - the specific standards of *Rule 2210* that prescribe specific disclosure; or,
 - the filing requirements of *Rule 2210*.

D. Documentation.

Review of correspondence shall be evidenced by initialing and dating the Company's file copy of written correspondence.

E. Record-Keeping.

SEC RULE 17A-4(B)(4) Originals of all correspondence shall be maintained at the Main Office for a period of no less than 3 years. Electronic correspondence may be retained in the format in which it was received. All representatives are required to copy the Main Office with all e-mail communications with clients. The e-mails may be either retained as saved mail or printed out and stored after review.

G. Periodic Review of Outside Representatives' Correspondence

A review of correspondence in outside offices and off-site locations is a mandatory element of all compliance visits to ensure compliance with Company policy and applicable rules and regulations.

X. ELECTRONIC COMMUNICATIONS

A. Supervisory Responsibility.

The Designated Supervisory Principal shall be responsible for ensuring that the Company's use of electronic media for broker/dealer communication purposes is in conformance with all applicable laws, rules and regulations. The Company's use of such electronic media may include, but is not limited to:

- Reporting of and accessing information through the CRD;
- Correspondence through use of E-mail;
- Use of facsimile machines;
- Use of video teleconferencing; and,
- Use of Internet web sites and bulletin boards.

B. Review.

The Designated Supervisory Principal shall review the Company's use of electronic communications at regular and frequent intervals to ensure the following:

1. **Notice.** That electronic notifications to clients are sent in a timely manner and are adequate to properly convey the message;
2. **Access.** That clients who are provided with information electronically are given access to the same information as would be available to them in paper form;
3. **Evidence of Delivery.** That procedures are in place to ensure that delivery obligations are met when using electronic mail, including the obtaining of the client's informed consent (where required);
4. **Security.** That reasonable precautions have been taken to ensure the integrity, confidentiality and security of information sent through electronic means and that such precautions have been tailored to the medium used; and,

C. Advertising and Sales Literature.

Electronic media used to disseminate advertisements for the Company's services will be subject to the same requirements and restrictions that apply to such communications made in paper form.

E-MAIL AND ELECTRONIC
COMMUNICATIONS
ACKNOWLEDGEMENT FORM

In accordance with the FINRA Rule 3010 and the supervisory procedures set forth by Southeast Investments, N.C., Inc., I Rodney Watkins, hereby agree to have approved all securities related correspondence both written and electronic (e-mail, website, etc.) with my OSJ Principal. In addition, I agree to have all incoming communications from my customers either written or electronic (e-mail, website, etc.) submitted to my OSJ for review.

I will "carbon copy" (CC) my OSJ on all securities related e-mail correspondence sent to my clients. I will also CC by forwarding to my OSJ Principal copies of all securities related e-mails received by me from clients. These e-mails will be CC to Jeanette Roberts and Frank Black.

Rodney Watkins
Registered Representative

2/20/12
DATE

Frank Black
OSJ Principal

2-23-12
DATE



1 Q. Did he tell you not to say anything
2 during your deposition?

3 A. No.

4 Q. Did Rodney Watkins tell you not to say
5 anything during your deposition?

6 A. No.

7 Q. When you e-mail Frank Black what e-mail
8 address do you use?

9 A. FJ -- FJ --

10 Q. I am sorry. What e-mail do you use to
11 e-mail him?

12 A. Oh, LGuillory@cox.net.

13 Q. Okay.

14 A. That is primarily what I use.

15 Q. Is your e-mail housed or hosted through
16 Southeast Investments? Are they able to see what you
17 are e-mailing from that site?

18 A. No. It is not house.

19 Q. It is house through Cox?

20 A. Yes.

21 Q. What about the Watkins & Associates?

22 A. That is under the Godaddy.

23 Q. Okay. So Southeast is not able to see
24 any type of e-mails you send or receive?

25 A. No.

EXHIBIT

H

1 Q. Are you -- do you ever submit any e-mails
2 to them so they can review them?

3 A. No. As far as --

4 MR. JORGENSEN: That is the answer.

5 Q. (By MS. CORNMESSER) Has Southeast ever
6 asked you to look at e-mails that you have sent or
7 received from a client?

8 A. No.

9 Q. Has Southeast ever asked you to submit
10 e-mails that -- where you and Rodney are communicating?

11 A. No.

12 Q. How do you maintain your e-mails
13 regarding your securities business?

14 A. I have them segregated out in a folder on
15 my Cox or under the -- yeah, under my Cox in their own
16 folder.

17 Q. Do you have other e-mails than what you
18 provided us pursuant to the subpoena?

19 A. Not to my recollection.

20 Q. All right. So you wouldn't retain any
21 e-mails where you are communicating --

22 A. I am sorry.

23 Q. You wouldn't retain the e-mails where you
24 are communicating with Frank Black in that folder?

25 A. I would have, but I don't -- you know, it

Jennifer Shaw

From: Jennifer Shaw
Sent: Tuesday, May 20, 2014 3:00 PM
To: Patrick O. Waddel; David Jorgenson / ; Amanda Cornmesser
Subject: ODS File 12-058

The Department has reviewed the May 14, 2014 U-4 Amendment of Rodney Watkins. The following items are inaccurate and need to be corrected immediately:

1. The date this action was initiated is incorrect; it should be March 26, 2013.
2. The allegations were not related to unethical practices; the March 26, 2013 allegations were for transacting business without the benefit of registration in violation of Section 1-402 of the Act; for knowingly violating the August 29, 2012 Order; and for failing to disclose the transactions as required by the August 29, 2012 Agreement in violation of Section 1-505 of the Act.
3. The April 30, 2014 Agreement entered by Respondent Watkins did not contain the “without admitting or denying” language.

Jennifer Shaw
Enforcement Attorney
Oklahoma Department of Securities
120 N. Robinson Ave., Ste. 860
Oklahoma City, OK 73102
(405) 280-7736

EXHIBIT

I