

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



In the Matter of:

Jim J. Hammons,

Respondent.

ODS File 14-017

SUPPLEMENTAL RECOMMENDATION

On April 29, 2014, the Enforcement Division of the Oklahoma Department of Securities ("Department") filed an Enforcement Division Recommendation ("Recommendation") with the Administrator of the Department ("Administrator") in support of the imposition of sanctions on Jim J. Hammons (CRD# 4451341) ("Respondent"), pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011). The Department now submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator as a supplement to its Recommendation.

Findings of Fact

1. – 24. See Findings of Fact set forth in the Recommendation.

Selling Away

25. At all times material hereto, FIFS has been a member of FINRA.

26. As an associated person of FIFS at all times material hereto, Respondent was prohibited under NASD Rule 3040¹ from participating in any manner in a private securities transaction except in accordance with the requirements of the Rule. Under the Rule, Respondent must, at a minimum, provide prior written notice to FIFS describing the proposed transaction and his proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.

27. Under NASD Rule 3040, a "private securities transaction" is generally "any securities transaction outside the regular course or scope of an associated person's employment with a member" of FINRA.

¹ NASD Rule 3040 has not been superseded by a FINRA Rule and remains applicable to all FINRA members and their associated persons.

28. Through his participation in the sale of the interest in Reaction Force to the Client, Respondent participated in a private securities transaction.

29. Respondent did not provide prior notice to FIFS (or FIAS) that he was participating in this private securities transaction.

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

Authorities

1. - 5. See Authorities set forth in the Recommendation.

6. 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of Department of Securities ("Rules"), Okla. Admin. Code §§ 660:1-1-1 through 660:25-7-1 (as effective July 1, 2007 through July 31, 2013, and August 1, 2013, through the present), provides, in pertinent part:

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

(b) **Standards.**

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

Conclusions of Law

1.- 4. See Conclusions of Law set forth in the Recommendation.

5. While associated with FIFS, Respondent participated in a private securities transaction—the sale of the interest in Reaction Force to the Client—without complying with NASD Rule 3040 and thereby engaged in an unethical practice in the securities business under 660:11-5-42(b)(1) of the Rules.

6. The Administrator has the authority under Section 1-411 of the Act to suspend Respondent's registrations under the Act.

7. It is in the public interest to suspend Respondent's registrations under the Act.

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

WHEREFORE, it is recommended that the Administrator issue an order suspending Respondent's registrations under the Act for a period of two years and imposing such other sanctions as deemed appropriate and authorized by law.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 8th day of October, 2014, a true and correct copy of the above and foregoing Supplemental Recommendation was emailed to perry@dentonlawfirm.com and tifany@dentonlawfirm.com and mailed with postage prepaid thereon, addressed to:

Mr. Perry Tirrell, Esq.
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Terra Bonnell