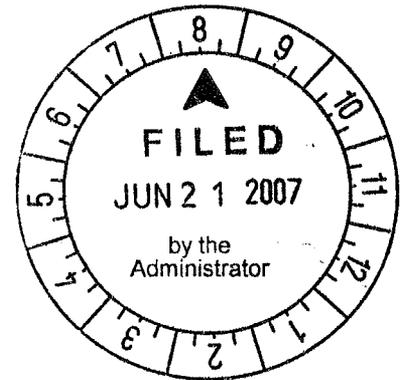


STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



**AGREED ORDER BARRING FROM ASSOCIATION  
WITH A BROKER-DEALER AND/OR INVESTMENT ADVISER**

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and the Oklahoma Securities Act (Predecessor Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Michael E. Hentges (Hentges), in connection with the offer and/or sale of securities in and/or from Oklahoma. As a result of the investigation, on October 19, 2006, an *Enforcement Division Recommendation* (Recommendation) was filed with the Administrator of the Department (Administrator), recommending that Hentges be barred from association with any broker-dealer and/or investment adviser in any capacity.

The Administrator, being fully advised in this matter, hereby adopts the Findings of Fact and Conclusions of Law as set forth below:

**Findings of Fact**

**I. Employment History**

1. Hentges was initially registered under the Predecessor Act on November 21, 1984, as an agent of First Investors Corporation (First Investors). Hentges' registration with First Investors terminated on August 7, 1990.
2. On August 8, 1990, Hentges became registered under the Predecessor Act as an agent of Walnut Street Securities, Inc. Hentges' registration with Walnut Street Securities, Inc. terminated on March 23, 1992.
3. Hentges became registered under the Predecessor Act on June 28, 1991, as an agent of Andrews, Hentges & Associates, Inc. (AHA). Hentges served as president and a director of AHA. Additionally, Hentges was a control person of Andrews, Hentges Consolidated Financial Services Companies, Inc., the parent company of AHA. Hentges' registration with AHA terminated on January 21, 1993.
4. Hentges became registered under the Predecessor Act on March 24, 1993, as an agent of Sun Investment Services Company (Sun). Hentges' registration

with Sun terminated on July 6, 1993. Hentges was again registered under the Predecessor Act as an agent of Sun from October 15, 1993 until December 1, 1995.

5. Hentges became registered under the Predecessor Act on June 6, 1996, as an agent of Dominion Investor Services, Inc. (Dominion). Hentges' registration with Dominion terminated on September 24, 1999. Hentges was again registered as an agent of Dominion on August 8, 2003.

## **II. Disciplinary History**

6. On or about November 17, 1993, the Administrator of the Oklahoma Department of Securities (Department) entered into an agreement with Hentges in connection with his securities activities at AHA. Pursuant to the agreement, Hentges consented to an order to cease and desist violations of the Predecessor Act, an order barring Hentges from association with any broker-dealer in the capacity of a principal, an order requiring Hentges to make restitution to certain investors, and an order requiring Hentges to obtain at least eight hours of education in the area of compliance and/or securities law.

7. On December 1, 1994, the NASD entered an order against Hentges in connection with his activities at AHA. Without admitting or denying the allegations against him, Hentges consented to the entry of the following findings of fact: a) that, in connection with a best efforts offering of securities to investors, AHA, acting through Hentges and others, failed to disclose material information to investors, in contravention of Securities and Exchange Commission (SEC) Rule 10b-5; b) that Hentges failed to obtain information necessary to determine the suitability of certain investments for customers; c) that AHA, acting through Hentges and others, failed to record a number of transactions on the firm's books and records; d) that AHA, acting through Hentges and others, prepared inaccurate net capital computations and submitted inaccurate FOCUS reports to the NASD; e) that Hentges failed to disclose on his Uniform Application for Securities Registration or Transfer (Form U-4) that he had filed for bankruptcy protection; f) that Hentges allowed an individual without registration with the NASD in any capacity to actively manage AHA; and g) that AHA failed to adequately supervise the activities of an individual preparing the books and records of the firm.

8. AHA was expelled from NASD membership in February of 1995. Hentges was censured, fined \$15,000, barred from association with any NASD member in any principal capacity, and required to pay \$100,000 in restitution to public customers within one year.

9. Based upon the same facts as set forth above, on January 24, 1995, the Texas Securities Board alleged that Hentges engaged in inequitable practices in the sale of securities to Texas residents. Hentges, while with AHA, consented to the entry of an order by the Texas Securities Commissioner censuring Hentges, suspending Hentges' registration for 30 days, suspending Hentges for 180 days from soliciting or opening new securities accounts for Texas residents, ordering Hentges to cease and desist from future violations of the Texas Securities Act, and placing Hentges on probation for two years.

### **III. The Kelly Transaction**

10. At all times material hereto, Janice Kelly (Kelly) was a 65 year old retired school teacher. In 1997 or 1998, Kelly became acquainted with Don Hentges, Michael Hentges' father. Don Hentges and Kelly were later engaged to be married, and in 2002, Kelly and Don Hentges moved to Tulsa, Oklahoma. Kelly sold her home and put the sales proceeds and other savings into a bank account.

11. In or around March 2003, Kelly invested in a "Venture Capital Agreement" with 76PW, LLC (LLC), a limited liability company of which Hentges was a member. Hentges said that he and the other two members of the LLC would each convey an eight and one-third percent (8 1/3%) interest in the LLC to Kelly in return for an investment of \$200,000. Hentges further represented to Kelly that the members of the LLC would execute a promissory note to Kelly for the principal sum of \$200,000 with interest payable quarterly at the rate of 10% per annum. The principal sum of the promissory note was due and payable two (2) years from the execution of the Venture Capital Agreement. By the terms of the Venture Capital Agreement, upon payment in full of the promissory note, the LLC had the right to assume Kelly's interest in the limited liability company.

12. On March 17, 2003, Kelly executed the Venture Capital Agreement. On April 1, 2003, Kelly paid \$156,089.33 to Tulsair Beechcraft. On April 29, 2003, Kelly paid 76PW, LLC \$6,314.

13. The funds that Kelly invested constituted a large part of her life savings. To date, Kelly has received only \$7,494.39 in payments on the promissory note.

#### IV. The Marks Transactions

14. In or around September 2003, Hentges contacted Oklahoma residents Leslie and Virginia Marks, both retired school teachers, who at the time were ages 79 and 72 respectively. Hentges had known the Marks since the early 1980's. He had set up and managed retirement accounts for them and sold them insurance products.

15. Hentges told Virginia Marks that 76PW needed money for three (3) months due to the failure of one member to satisfy his capital assessment and that 76PW would issue her a promissory note in the amount of Twenty-Five Thousand Dollars (\$25,000), with interest at the rate of 5% per month. With the knowledge of Hentges, Virginia Marks withdrew the cash value in a life insurance policy from Columbus Life Insurance Company (Columbus). On or about September 9, 2003, Hentges delivered the promissory note to Virginia Marks. The promissory note issued by 76PW and executed by Hentges as manager of the LLC, was due and payable in full on December 8, 2003.

16. No payment was made on the note until January 2005. Hentges paid the balance of the loan in June 2005.

17. Between approximately September 16, 2003, and January 24, 2004, Hentges contacted Virginia Marks on behalf of Real Estate Marketing Services, LLC (REMS), a company managed by Hentges but in which he held no ownership interest, for several loans to REMS. Hentges told Virginia Marks he would personally guarantee payment of the notes. Hentges advised the Marks that the loans were for the operations of REMS.

18. REMS issued promissory notes to Virginia Marks in the amounts of Fifty Thousand Dollars (\$50,000) (REMS Note) Twenty-Five Thousand Dollars (\$25,000) (Second REMS Note), and One Hundred Thousand Dollars (\$100,000) (Third REMS Note). Hentges personally guaranteed payment of each of the notes.

19. Although some payments have been made on the notes by Hentges, the promissory notes have not been paid in full.

20. On April 1, 2005, the members of REMS approved and caused REMS to be dissolved by the filing of Articles of Dissolution with the Secretary of State of Oklahoma.

21. On June 1, 2005, the members of REMS approved and placed 76PW, LLC into voluntary bankruptcy in the United States Bankruptcy Court for the Northern District of Oklahoma.

22. Virginia Marks, after repeated unsuccessful requests to Hentges for payment on the promissory notes, filed a complaint with the Department and the Insurance Commissioner of the State of Oklahoma.

## VI. Judicial Proceedings

23. On July 1, 2005, Virginia Marks filed a suit in which Hentges was named as a defendant. On September 21, 2005, Hentges consented to the entry of a judgment against him in the amount of \$185,000.

24. On December 21, 2005, Virginia Marks, joined by Paul R. Hodgson and Tulsa National Bank (collectively, the "Petitioning Creditors"), filed an involuntary petition against Hentges in the United States Bankruptcy Court, Northern District of Oklahoma (Bankruptcy Court), Case No. 05-30076-R, requesting that an order for relief under Chapter 7 of the Bankruptcy Code be entered against Hentges. The petition was amended on December 22, 2005.

25. Various motions were filed and heard in the Bankruptcy proceeding. On February 1, 2006, the Bankruptcy Court found that the Tulsa National Bank did not qualify as a petitioning creditor. In the absence of three qualifying petitioning creditors, the amended involuntary petition was dismissed. Petitioners' request for reconsideration was denied.

26. On February 21, 2006, Hentges filed an application to recover fees and requested that the Bankruptcy Court abstain from considering damages based upon Petitioning Creditors' alleged bad faith filing and pending the liquidation of damages in a pending state court action that Hentges filed against the Marks. On March 23, 2006, the Bankruptcy Court denied Hentges' request for abstention and set his request for hearing on the issues of Petitioner's bad faith filing and the reasonableness of attorney fees.

27. On April 18, 2006, the Bankruptcy Court denied Hentges application for attorneys' fees. In so finding, the Bankruptcy Court concluded that the Petitioning Creditors did not have an "improper motive or objective" for filing the amended petition.

28. On April 21, 2006, a second involuntary petition was filed against Hentges in the United States Bankruptcy Court, Northern District of Oklahoma (Bankruptcy Court), Case No. 06-10451-R, requesting that an order for relief under Chapter 7 of the Bankruptcy Code be entered against Hentges.

29. On August 1, 2006, the Bankruptcy Court held a trial on the Involuntary Petition for Bankruptcy against Hentges. On September 26, 2006, the Bankruptcy Court entered an order concluding that Hentges "is not paying debts that are not subject to a *bona fide* dispute as they become due," and entered an order granting relief under Chapter 7 of the Bankruptcy Code.

30. Based upon the foregoing, it is in the public interest to bar Hentges from association with a broker-dealer or investment adviser in any capacity.

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

**Conclusions of Law**

1. The promissory notes that Hentges sold to Marks and Kelly and the interest in the LLC that Hentges sold to Kelly are securities as defined by Section 2(v) of the Predecessor Act.

2. Hentges' actions as described herein were not in compliance with 660:10-5-42 of the Predecessor Rules and 660:11-5-42 of the Rules.

3. Hentges is insolvent as defined by Section 204(a)(9) of the Predecessor Act and Section 1-411.D.7 of the Act.

4. The Administrator is authorized to impose any sanction set forth in Section 406 of the Predecessor Act and in Section 1-411 of the Act.

5. It is in the public interest to bar Hentges from association with an issuer of securities in connection with the offer, sale and/or purchase of any security and to bar Hentges from association with any broker-dealer or investment adviser in any capacity.

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

**ORDER**

**IT IS HEREBY ORDERED** that Hentges is barred from association with an issuer of securities in connection with the offer, sale and/or purchase of any security, and Hentges is barred from association with any broker-dealer and/or investment adviser in any capacity.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 21st day May, 2007.

(SEAL)

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

**CONSENT TO ENTRY OF ORDER**

Respondent represents that he has read, understands and voluntarily consents to the issuance of this Agreed Order Barring from Association with a Broker-Dealer and/or Investment Adviser, that his consent is voluntary and given without threat, offer, promise, or inducement of any kind or nature having been made or given by the Department, its staff, the Administrator, or the Oklahoma Securities Commission.

Voluntary Consent of Michael E. Hentges:



Date: 6-19-07

Address: Tulsa, Oklahoma