

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



In the Matter of:

James Kenneth Slack, CRD #1212371, and
IMCI Advisors, LLC, CRD #116758,

Respondents.

ODS File No. 05-013

ORDER SUSPENDING REGISTRATIONS

The Administrator of the Oklahoma Department of Securities (“Department”) issues this Order pursuant to Section 1-604 of the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).

Representatives of the Department conducted an on-site examination of the office of IMCI Advisors, LLC (IMCI), in Tulsa, Oklahoma, in August of 2006. The examination revealed multiple issues to include recordkeeping deficiencies and omitted disclosures.

An Agreement with the Administrator of the Department was voluntarily executed by James Kenneth Slack (Slack) and IMCI on November 18, 2008. The Agreement, attached hereto as “Exhibit A”, is incorporated herein by reference (Agreement).

The parties agreed that the investment adviser registration of IMCI, and the registration of Slack as an investment adviser representative of IMCI, would be suspended effective five (5) days after the Effective Date of the *Agreement* and that such registrations will not be reinstated by order of the Administrator, until such time as:

1. amendments to properly disclose the Department’s examination findings and the provisions of the *Agreement* are made to Slack’s Form U-4 and the Form ADV of IMCI, including the March 2007 termination of IMCI’s limited liability company status by the Oklahoma Tax Commission; and

2. the following records are presented in complete form to the Department for the period up to and including the quarter ended September 30, 2008:

a. copies of the financial records (Financial Records) required by 660:11-7-41(a)(1)-(6) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules);

b. a current record identifying all accounts over which IMCI and/or Slack maintains discretionary power; and

- c. IMCI invoices for advisory fees accurately reflecting the amount of assets on which each fee was based as required by the Rules.

IT IS HEREBY ORDERED that the investment adviser registration of IMCI and the registration of Slack as an investment adviser representative be suspended until such time as:

1. amendments to properly disclose the Department's examination findings and the provisions of the *Agreement* are made to Slack's Form U-4 and the Form ADV of IMCI, including the March 2007 termination of IMCI's limited liability company status by the Oklahoma Tax Commission; and

2. the following records are presented in complete form to the Department for the period up to and including the quarter ended September 30, 2008:

- a. copies of the financial records (Financial Records) required by 660:11-7-41(a)(1)-(6) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules);
- b. a current record identifying all accounts over which IMCI and/or Slack maintains discretionary power; and
- c. IMCI invoices for advisory fees accurately reflecting the amount of assets on which each fee was based as required by the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 26th day of November, 2008.

(SEAL)



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

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AGREEMENT

THIS AGREEMENT is entered into by and among IMCI Advisors, LLC (IMCI), a former Oklahoma limited liability company; James Kenneth Slack (Slack), an Oklahoma resident; and the Administrator of the Oklahoma Department of Securities (Department), as of the Effective Date specified below.

Background

Pursuant to 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), Department representatives conducted an on-site examination of the IMCI office in Tulsa, Oklahoma, in August of 2006. IMCI has been registered as an investment adviser under the Act and Predecessor Act since December 7, 1999. Slack is registered under the Act as an investment adviser representative of IMCI.

The examination findings included:

1. IMCI did not maintain, and/or provide upon request of the Department, copies of the financial records (Financial Records) required by 660:11-7-41(a)(1)-(6) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules). The Financial Records were requested by the Department two additional times in writing. The Financial Records eventually provided to the Department consisted of full and partial billing spreadsheets prepared by IMCI; full and partial bank statements; and financial statements for 2001 only.

2. IMCI did not maintain a current record identifying all accounts over which IMCI and/or Slack maintained discretionary power. Upon request of the Department, a list dated 2005 was provided to the examiners.
3. IMCI invoices for advisory fees reviewed by the Department did not show the amount of assets on which each fee was based as required by the Rules.
4. At the time of the examination, Slack managed 401(k) plans for certain of his clients by utilizing their on-line user names and passwords provided to him by the clients. Slack had the ability to effect transactions in the accounts, request distributions from the accounts, and change the addresses of record. IMCI did not disclose on its Form ADV that it had custody of customers' funds or securities.
5. IMCI has not provided to the Department post-registration reports containing their audited financial statements as required by the Rules.
6. Although IMCI's limited liability company status was terminated by the Oklahoma Tax Commission in March of 2007, IMCI continued to do business in the state of Oklahoma. IMCI failed to update its Form ADV to reflect such status under Oklahoma law.
7. Between December 1999 and February 2004, Slack authorized an employee, who was not registered in any capacity, to act on behalf of all accounts for which IMCI placed orders or other instructions with Charles Schwab.

In addition, IMCI and Slack participated in a program called "Stock to Cash®" that involved the offer, sale or purchase of a security. Slack was the National Marketing Director for the Stock to Cash® program, a nominal non-compensated role that was not disclosed in writing before offering the Stock to Cash® program to his clients.

IMCI and Slack desire to expeditiously settle this matter without the adjudication of any issue of law or fact. IMCI and Slack voluntarily waive their right to a hearing as provided by the Act and the Rules.

NOW THEREFORE, the undersigned parties hereby agree as follows:

1. **Suspension.** The investment adviser registration of IMCI, and the registration of Slack as an investment adviser representative, shall be suspended by order of the Administrator effective five (5) days after the Effective Date of this Agreement (Suspension), and shall not be reinstated by order of the Administrator, until such time as:

- a. amendments to properly disclose the Department's examination findings and the provisions of this Agreement are made to Slack's Form U-4 and the Form ADV of IMCI, including the March 2007 termination of IMCI's limited liability company status by the Oklahoma Tax Commission; and
- b. examination findings Nos. 1, 2 and 3 above have been rectified through compliance with the Act and the Rules, including submission of the applicable records and/or corrected documents to the Department up to and including the quarter ended September 30, 2008.

2. **On-Line Access.** With respect to examination finding No. 4 above, IMCI shall immediately request in written form, via email or first class mail, postage prepaid, that the affected clients establish new on-line passwords and/or pin numbers. IMCI shall (a) retain evidence of the notification required by this paragraph to all affected clients; (b) obtain written verification that each client has changed his or her on-line password and that the client's new password has not been shared with IMCI, or any employee, agent or representative thereof; and (c) provide a copy of all such verifications to the Department no later than 45 days after the Effective Date of this Agreement. With respect to those persons who are currently clients of IMCI and/or Slack, IMCI shall also advise in such writing that the client's failure to honor such request within 30 days of the Effective Date of this Agreement shall result in the immediate termination of his or her investment advisory agreement with IMCI.

3. The following provisions shall apply at such time as the registrations of Slack and IMCI are reinstated by the Administrator (Reinstatement):

- a. **Custody of Client Assets.** IMCI acknowledges that if, in the future, it chooses to maintain on-line passwords enabling the firm to access certain clients' accounts, or commences to perform any other service or activity that meets the definition of "custody" as set forth in 660:11-7-48 of the Rules, the firm is deemed to have custody of client funds or securities and is subject, *inter alia*, to the special recordkeeping requirements set forth in subsection (b) of 660:11-7-41 of the Rules, and the post-registration reporting requirements set forth in 660:11-7-31 of the Rules.
- b. **Investment Products.** IMCI shall limit the scope of its advisory services to the following types of investments: exchange-listed securities, securities traded over-the-counter, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, and United States government securities. Except as set forth herein, IMCI and Slack

shall not provide advisory services relating to options contracts, futures contracts, or other derivative products; partnership interests (other than publicly-traded interests); stock to cash loan programs or any other similar program; or hedge funds (Prohibited Investment Products). Such restriction shall not apply to investment advisory services provided by IMCI and/or Slack to: (i) current clients of IMCI and/or Slack with existing positions in one or more of the Prohibited Investment Products, or (ii) any future client of IMCI and/or Slack with existing positions in one or more of the Prohibited Investment Products at the time the investment advisory agreement is executed by the client. Should Slack attain a score of 70 on the Series 4 examination, the Administrator of the Department shall lift the investment product restriction as to listed covered options only so long as (i) the investment advice regarding such options is provided to clients for whom a listed covered option is suitable based on information available to IMCI and Slack after reasonable inquiry concerning the client's investment objectives, financial situation and needs, and in consultation with the independent consultant described in subparagraph c below, and (ii) the client has received disclosure materials prepared and distributed in accordance with the standards set forth in NASD [FINRA] Rule 2220 (*Options Communications with the Public*) prior to authorizing a transaction in the listed covered option. In addition, IMCI and Slack shall not sponsor, market or otherwise offer any of the Prohibited Investment Products.

- c. **Consulting Services.** IMCI shall contract annually for and utilize independent consulting services for a period of not less than three (3) years from the effective date of Reinstatement. At a minimum, such consulting services shall include Form ADV and advisory contract services, regulatory risk assessment review, annual compliance review and advertising/performance review.
- d. **Training.** Slack shall attend the NRS Annual Compliance Conference at the earliest possible time after Reinstatement. Slack will notify the Department prior to attending the conference. Slack shall attend all Investment Adviser courses and provide a certificate of completion to the Department no later than thirty (30) days after completion.
- e. **Examination.** Slack acknowledges that the Department will perform an on-site examination of its investment advisory activities within a year of the effective date of the Reinstatement.

4. **Failure to Comply.** IMCI and Slack acknowledge that either party's failure to comply with any one of the provisions of this Agreement may result in further sanctions authorized under the Act.

5. **Entire Agreement.** This writing is intended to resolve all controversies between the undersigned parties prior to the Effective Date of this Agreement. This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment to this Agreement shall be binding unless executed in writing by each of the parties hereto.

6. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator, the Administrator may assist in such actions as authorized by law.

7. **Governing Law.** The validity, construction, interpretation and administration of this Agreement shall be governed by the laws of the State of Oklahoma.

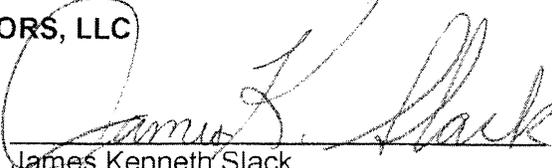
8. **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable and the remainder of the Agreement fully enforceable.

9. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year set forth below their signatures hereto.

IMCI ADVISORS, LLC

By:


James Kenneth Slack

Title:

Managing Member

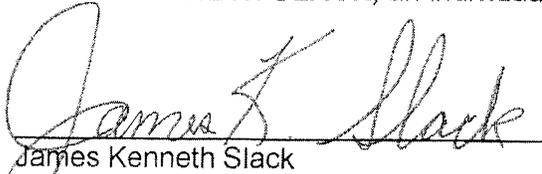
Address:

9521 B Riverside Pkwy, #494
Tulsa, OK 74137

Date:

11-12-2008

JAMES KENNETH SLACK, an individual


James Kenneth Slack

Address: 9521 B. Riverside Pkwy, #494
Tulsa, OK 74137

Date: 11-12-2008

OKLAHOMA DEPARTMENT OF SECURITIES

By: 
Irving L. Faught, Administrator

Date: 11-18-08