

MINUTES OF THE SPECIAL MEETING
OF THE
OKLAHOMA SECURITIES COMMISSION

December 18, 2014

Pursuant to the previously announced date and time, a special meeting of the Oklahoma Securities Commission (Commission) convened at 10:00 a.m., December 18, 2014, in the conference room of the Oklahoma Department of Securities, Oklahoma City, Oklahoma, to hear oral arguments in the matter of: Southeast Investments, N.C. Inc. and Frank H. Black v. Oklahoma Department of Securities *ex rel* Irving L. Faught, OSC File No. 15-001; and to deliberate and render a decision in the matter. The following members were present:

Robert M. Neville, Chairperson
Charles E. Newton, Member
P. David Newsome, Jr., Member
Mick Thompson, Ex-Officio Member

Nancy Hyde, Vice Chairperson, was not in attendance.

J. David Jorgenson and Patrick O. Waddel appeared on behalf of Southeast Investments, N.C. Inc. (Southeast) and Frank H. Black (Black). Irving L. Faught, Administrator of the Oklahoma Department of Securities (Administrator) appeared on behalf of himself. Jennifer Shaw appeared on behalf of the Administrator.

Mr. Neville officially opened the meeting. Notice of the date, time, and place of the meeting was given in accordance with applicable laws and rules.

The Commission heard argument from Mr. Jorgenson and Mr. Faught. Mr. Jorgenson and Mr. Faught responded to questions from the Commissioners.

On a motion made by Commissioner Newsome and seconded by Commissioner Newton, the Commission unanimously voted to go into Executive Session to deliberate and to render a decision. An Executive Session was held.

Commissioner Newton excused himself from the meeting following the Executive Session.

On a motion made by Commissioner Thompson and seconded by Commissioner Newsome, the Commission unanimously voted to return to open meeting.

On a motion made by Commissioner Newsome and seconded by Commissioner Thompson, Commissioners Neville, Newsome and Thompson unanimously voted to:

- (1) adopt the Findings of Fact and Conclusions of Law in the Administrator's Order against Southeast and Black issued on October 10, 2014, (Administrator's Order);

- (2) adopt the following Finding of Fact:

Watkins should have been under heightened supervision during the period in which Southeast and Black failed to enforce the WSPs as to: (a) the timely update of business and residential addresses on CRD; (b) the timely and accurate disclosure of administrative actions on CRD; (c) the completion of order tickets; and (d) the annual compliance interviews[;]

- (3) adopt the following Conclusion of Law:

Associating with an agent who should be under heightened supervision requires a higher standard of oversight and supervision by the broker-dealer and its principals[;] and

- (4) order that Southeast and Black cease and desist from their violations of failing to establish, maintain and/or enforce supervisory procedures to enable the firm to assure compliance with applicable securities laws, and that Southeast and Black jointly pay a monetary penalty in the amount of \$5,000 to the Department, by cashier's check or money order, within ninety (90) days of the date of the Administrator's Order.

There was no New Business.

The meeting was adjourned.