

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



In the Matter of:

Anthony L. Cross (CRD #3155726), and
The O.N. Equity Sales Company (CRD #2936),

Respondents,

ODS File No. 11-017

**ANSWER AND REQUEST FOR HEARING BY RESPONDENT
O.N. EQUITY SALES COMPANY**

Pursuant to Rule 660:2-9-2 of the Administrative Rules of the Oklahoma Department of Securities (the “Rules”), Respondent O.N. Equity Sales Company (“ONESCO”), submits the following Answer and Request for Hearing on the Enforcement Division Recommendation (the “Recommendation”) filed on January 25, 2012 with the Administrator of the Oklahoma Department of Securities.

ANSWER

Rule 660-2-9-2 requires that ONESCO respond to allegations contained on the Recommendation. Since the first unnumbered paragraph in the Recommendation consists of a general recitation of the investigation purportedly undertaken by the Oklahoma Department of Securities (“ODS”), and does not contain allegations directed at ONESCO, no response from ONESCO is required. However, to the extent that a response is required, ONESCO denies any allegations contained on the first unnumbered paragraph of the Recommendation.

Response to Findings of Fact

1. ONESCO admits the allegations in paragraph 1, page 1 of the Recommendation.
2. ONESCO admits the allegations in paragraph 2, page 1 of the Recommendation.

3. ONESCO admits the allegations in paragraph 3, page 2 of the Recommendation.
4. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the allegations in paragraph 4, page 2 of the Recommendation.
5. ONESCO admits the allegations contained in the first two sentences in paragraph 5, page 2 of the Recommendation, but denies the remaining allegations in paragraph 5, page 2 of the Recommendation.
6. ONESCO denies the allegations in paragraph 6, page 2 of the Recommendation.
7. ONESCO denies the allegations in the first sentence in paragraph 7, page 2 of the Recommendation, but lacks sufficient information, and is unable to obtain sufficient information to admit or deny the remaining allegations in paragraph 7, page 2 of the Recommendation.
8. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the allegations in paragraph 8, page 2 of the Recommendation.
9. ONESCO admits that Customer TH (“Hughes”) indicated that her investment objective was “Income” on her ONESCO Customer Account Information Form, but lacks sufficient information, and is unable to obtain sufficient information to admit or deny the remaining allegations in paragraph 9, page 2 of the Recommendation.
10. ONESCO admits that Hughes deposited \$96,000 into her ONESCO brokerage account on November 8, 2006, but lacks sufficient information, and is unable to obtain sufficient information to admit or deny the remaining allegations in paragraph 10, page 2 of the Recommendation.
11. ONESCO admits that Hughes purchased \$60,000 of class A shares of the Franklin Income Fund, and \$30,000 of class A shares of the Highland Floating Rate Advantage Fund, and placed an additional \$6,000 in a money market fund within her ONESCO brokerage account.

ONESCO further admits that Cross marked the order ticket as unsolicited. ONESCO denies the remaining allegations in paragraph 11, page 2 of the Recommendation.

12. ONESCO states that the prospectus referenced in paragraph 12, page 2 of the Recommendation speaks for itself and all allegations in this paragraph which are inconsistent therewith are denied.

13. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the allegations in paragraph 13, page 3 of the Recommendation.

14. ONESCO denies the allegations in paragraph 14, page 3 of the Recommendation.

15. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the exact amount of Hughes' assets as alleged in paragraph 15, page 3 of the Recommendation, but denies that Cross recommended that Hughes mortgage her home.

16. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the allegations in paragraph 16, page 4 of the Recommendation.

17. ONESCO lacks sufficient information, and is unable to obtain sufficient information to admit or deny the allegations in paragraph 17, page 4 of the Recommendation.

18. ONESCO admits the allegation in paragraph 18, page 4 of the Recommendation.

19. ONESCO admits that the market value of Hughes' investments in her ONESCO brokerage account as of August 31, 2010 was \$40,518.90, but denies the remaining allegations in paragraph 19, page 4 of the Recommendation.

20. ONESCO denies the allegations in paragraph 20, page 4 of the Recommendation.

21. ONESCO denies the allegations in paragraph 21, page 4 of the Recommendation.

Response to Failure to Supervise Claim

22. ONESCO states that the references to ONESCO's Manual of Supervisory Procedures dated April 2005, as alleged in paragraph 22, pages 4 and 5 of the Recommendation, speaks for itself, and all allegations inconsistent therewith are denied.

23. ONESCO admits the allegations in paragraph 23 page 5 of the Recommendation.

24. ONESCO denies the allegations in paragraph 24 page 5 of the Recommendation.

Response to Authorities and Conclusions of Law

25. No response from ONESCO is required to the Authorities or the Conclusions of Law. To the extent that the Authorities of Conclusions of Law contain allegations of fact, they are denied by ONESCO.

Affirmative Defenses

1. The Recommendation fails to show cause why an order should be issued by the Administrator against ONESCO.

2. The Recommendation fails to state a claim for relief against ONESCO.

3. ONESCO did not engage on any conduct in violation of Federal or Oklahoma securities laws or any of the rules or regulations promulgated thereunder, and appropriately supervised the activities in Hughes' account at all times.

4. ONESCO reserves the right to amend, revise and supplement the above affirmative defenses as discovery is conducted pursuant to a scheduling order to be entered pursuant to the Rules.

REQUEST FOR HEARING

In accordance with Rule 660:2-9-2, ONESCO respectfully requests that a hearing be scheduled and conducted to allow it a full and fair opportunity to show why an order based on

the Recommendation should not be issued. ONESCO further requests that an independent hearing officer not associated with the ODS be appointed to conduct the hearing and preside over all pre-hearing issues related to this matter.

WHEREFORE, Respondent ONESCO having fully responded to the Recommendation requests that the Administrator refrain from issuing any orders based on the Recommendation and dismiss this proceeding.

Respectfully submitted,



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ATTORNEYS FOR ONESCO

CERTIFICATE OF SERVICE

I hereby certify that a copy of this instrument was served on the following individuals and entities by depositing same in the U.S. Mail, first-class postage prepaid, and/or by other means as noted below, on March 9, 2012:

Irving L. Faught
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