

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



In the Matter of:

Geary Securities, Inc. *fka* Capital West Securities, Inc.;
Keith D. Geary; Norman Frager; and CEMP, LLC,

Respondents.

ODS File No. 09-141

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**ANSWER AND REQUEST FOR HEARING BY RESPONDENT
NORMAN FRAGER**

Pursuant to Section 660:2-9-2 of the Oklahoma Administrative Code, Norman Frager (“Frager”) submits the following Answer and Request for Hearing on the Enforcement Division Recommendation, (the “Recommendation”) filed on September 22, 2010 with the Administrator of the Oklahoma Department of Securities.

ANSWER

Since Section 660:2-9-2 only requires a response from Frager to allegations contained in the Recommendation, no response is required to the material contained in Page 1 of the Recommendation, however, in the event that a response is required, Frager denies any allegations contained in the material on Page 1.

Frager’s response to the Recommendation Findings of Fact, beginning on page 2 is as follows:

1. Frager admits the allegations contained in paragraph 1, page 2 of the Recommendation.
2. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraph 2, page

- 2 and paragraph 3, page 2 of the Recommendation and therefore they are denied.
3. Frager admits the allegations contained in paragraph 4, page 2 of the Recommendation.
 4. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraph 5, page 2 of the Recommendation and therefore they are denied.
 5. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraph 6, page 2 of the Recommendation and therefore they are denied, but admits that Geary Securities served as the placement agent for CEMP 2009-1.
 6. Frager admits the allegations contained in paragraph 7, page 2 of the Recommendation.
 7. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraph 8, page 3 of the Recommendation and therefore they are denied.
 8. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraphs 9, page 3; through paragraph 13, page 3 of the Recommendation and therefore they are denied.
 9. Frager admits that the FDIC issued FIL 20-2009, on April 30, 2009, as alleged in paragraph 14, page 3, but states that FIL 20-2009 speaks for itself and all allegations contained in this paragraph which are inconsistent are denied.
 10. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraphs 15, page 4 through paragraph 48, page 8 of the Recommendation and therefore they are denied.

11. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraphs 49, page 8; through paragraph 92, page 13 of the Recommendation and therefore they are denied.
12. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in the first sentence of paragraph 93, page 13 of the Recommendation and therefore they are denied. The private placement memorandum referenced in paragraph 93, page 13 speaks for itself and all allegations contained in this paragraph which are inconsistent are denied.
13. Frager denies that the clearing firm for Geary Securities reflected a market value of zero, as of September 30, 2009 for the Class A-1 Notes and the Class A-2 Notes as alleged in paragraph 94, page 13 and does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the remaining allegations contained in paragraph 94, page 13 of the Recommendation and therefore they are denied.
14. Frager admits the allegations contained in paragraph 95, page 14 of the Recommendation.
15. Frager denies the allegations contained in paragraph 96, page 14 of the Recommendation.
16. Frager denies the allegations contained in paragraph 97, page 14, of the Recommendation, however, Frager admits that the firm included as an allowable asset accrued interest in the amount of \$498,007.28 in the May, 2009 FOCUS Report.
17. Frager denies the allegations contained in paragraphs 98, page 14 through paragraph 100, page 14 of the Recommendation

18. Frager admits that McKean sent an email to persons, including Geary as alleged in the first sentence of paragraph 101, page 14 of the Recommendation, but states that the referenced email speaks for itself and all allegations contained in this paragraph which are inconsistent are denied.
19. Frager admits that Geary forwarded McKean's email on May 30th, as alleged in paragraph 102, page 15 of the Recommendation, but states that the referenced email speaks for itself.
20. Frager does not have sufficient information, and is unable to obtain sufficient information, to admit or deny the allegations contained in paragraphs 103, page 15 through paragraph 119, page 17 of the Recommendation and therefore they are denied.
21. No response from Frager is required to the Authorities or to the Conclusions of Law. To the extent that the Authorities or Conclusions of Law contain allegations of fact, they are denied by Frager.

Affirmative Defenses

1. No facts are included in the Recommendation that support the conclusions with respect to Frager.
2. Permitting state law liability for the net capital violations as alleged by the Department would conflict with the Securities Exchange Act of 1934 regulatory regime and is preempted.
3. Without, in any way, limiting the defense in paragraph 1, above, the allegations are premature, as the Oklahoma Department of Securities is not authorized to take independent action concerning net capital violations of a registered broker-dealer, but can only declare a violation after the primary regulator has concluded that there was one; and, to date, no such action has been taken by the U.S. Securities and Exchange Commission or the Financial Industry Regulatory Authority, the regulators responsible for the

establishment, oversight, amendment, qualification, monitoring and calculating net capital for Geary Securities.

4. All allegations involving violations by Frager are predicated on Rules 660:11-5-17 and Rule 660:11-5-42, which contain unconstitutional violations of legislative authority and are therefore void and unenforceable.
5. Frager 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 Frager requests that a hearing be scheduled and conducted in accordance with the Rules of the Department; provided that, because of the nature of the matter and the fact that all personnel of the Oklahoma Department of Securities have been involved with the oversight of Geary Securities and its predecessor, since the formation of the firm in 1995 in Oklahoma, we request that a hearing officer not associated with, and independent of, the Department be selected to hear the matters referenced herein.

WHEREFORE, Respondent Frager having 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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Certificate of Service

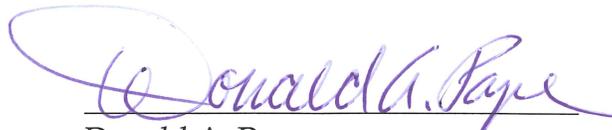
I hereby certify that on the 15th day of October, 2010, a copy of the foregoing document was served on the following by hand delivery:

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