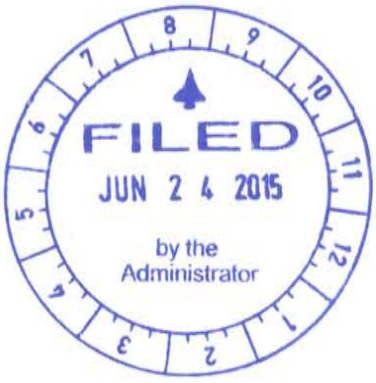
STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

John Johanning, Inc., and
John Arnold Johanning,

Respondents.

ODS File 15-061

FINAL ORDER

The Administrator of the Oklahoma Department of Securities ("Department") issues this Final Order against John Johanning, Inc., and John Arnold Johanning (collectively, "Respondents") pursuant to Section 1-604 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).

On May 27, 2015, the Administrator of the Department issued the attached Order to Cease and Desist and Notice of Opportunity for Hearing that is incorporated herein by reference.

In an Agreement dated June 16th, 2015, Respondents consented to the entry of this Final Order in lieu of filing an answer or requesting a hearing.

IT IS HEREBY ORDERED that, pursuant to Section 1-604 of the Act, the Order to Cease and Desist issued against Respondents on May 27, 2015, is final by operation of law.

IT IS FURTHER ORDERED that Respondents, jointly and severally, pay a civil penalty in the amount of $7,000 to the Department within thirty (30) days of the issuance of this Final Order.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 24th day of June, 2015.

(SEAL)

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 24th day of June, 2015, a true and correct copy of the above and foregoing Final Order was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

John Johanning, Inc.
4200 Perimeter Center Dr., Ste. 245
Oklahoma City, OK 73112-2322

John A. Johanning
1613 N. McMillan Ave.
Oklahoma City, OK 73127-3020

The undersigned also hereby certifies that on the 24th day of June, 2015, a true and correct copy of the above and foregoing Final Order was mailed by first class mail, with postage prepaid thereon, addressed to:

David A. Davis
Attorney at Law
4312 N. Classen Blvd.
Oklahoma City, OK 73118
Counsel for Respondent

Brenda London
Brenda London, Paralegal

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

In the Matter of:

John Johanning, Inc., and
John Arnold Johanning,

Respondents.

ODS File 15-061

ORDER TO CEASE AND DESIST
AND
NOTICE OF OPPORTUNITY FOR HEARING

ORDER TO CEASE AND DESIST

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), the Oklahoma Department of Securities ("Department") has commenced an investigation into the activities of John Johanning, Inc., and John Arnold Johanning (collectively, "Respondents"). Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are adopted in support of this Order against Respondents.

Findings of Fact

Background

1. John Johanning, Inc. ("JJI") (CRD No. 118964) is an Oklahoma corporation that was registered under the Act as an investment adviser from March 3, 2010, until October 31, 2012, and at other times prior to March 3, 2010. While registered under the Act, JJI's principal office and place of business was located in Oklahoma City, Oklahoma.

2. John Arnold Johanning ("Johanning") (CRD No. 4493303) is an individual who was registered under the Act as an investment adviser representative of JJI from March 3, 2010, until October 31, 2012, and at other times prior to March 3, 2010. At all times material hereto, Johanning has been the President of JJI.

3. On October 31, 2012, the Administrator of the Department issued an order revoking the registrations of Respondents under the Act. The Order was based, in part, upon the conclusion of law that Respondents had impeded representatives of the Administrator from conducting an examination under Section 1-410 of the Act by failing

to provide access to the business books, documents, and other records to such representatives, in violation of Section 1-410 of the Act and 660:11-7-45 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules").

4. Respondents have not been registered under the Act, or federal securities laws, since October 31, 2012.

Current Advisory Activities

5. Respondents continue to maintain an office in Oklahoma City.

6. On February 5, 2015, JJI, by and through Johanning, entered into an agreement with a public trust for an Oklahoma municipality in connection with a revenue bond refunding project ("Agreement").

7. Under the Agreement, JJI was employed by the trust for the purposes of assisting the trust in its refinancing project and providing "expert financial counsel in making the terms and provisions for the issuance of indebtedness to be incurred in securing said capital most acceptable to the [trust.]"

8. The Agreement further provides that for its services JJI shall be paid 1.75% of the principal amount of each issue of said indebtedness incurred by the trust "plus the out of pocket expenses incurred in printing and distributing the offering material for such indebtedness."

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

Authorities

1. Section 1-102 of the Act provides, in pertinent part:

> 17. "Investment adviser" means a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice to others for compensation as part of a business or that holds itself out as providing investment advice to others for compensation. The term does not include:

a. an investment adviser representative,

b. a lawyer, accountant, engineer, or teacher whose performance of investment advice is solely incidental to the practice of the person's profession,

c. a broker-dealer or its agents whose performance of investment advice is solely incidental to the conduct of business as a broker-dealer and that does not receive special compensation for the investment advice,

d. a publisher of a bona fide newspaper, news magazine, or business or financial publication of general and regular circulation,

e. a depository institution, or

f. any other person excluded by rule adopted or order issued under this act;

18. "Investment adviser representative" means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing. The term does not include an individual who:

a. performs only clerical or ministerial acts,

b. is an agent whose performance of investment advice is solely incidental to the individual acting as an agent and who does not receive special compensation for investment advisory services, or

c. is excluded by rule adopted or order issued under this act[.]

2. Section 1-403 of the Act provides, in pertinent part:

A. It is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this act as an investment adviser or is exempt from registration as an investment adviser under subsection B of this section.

B. The following persons are exempt from the registration requirement of subsection A of this section:

1. A federal covered investment adviser;

2. A person without a place of business in this state that is registered under the securities act of the state in which that person has its principal place of business if its only clients in this state are:

a. federal covered investment advisers, investment advisers registered under this act, or broker-dealers registered under this act,

b. institutional investors,

c. bona fide preexisting clients whose principal places of residence are not in this state if the investment adviser is registered under the securities act of the state in which the clients maintain principal places of residence, or

d. any other client exempted by rule adopted or order issued under this act;

3. A person without a place of business in this state if the person has had, during the preceding twelve (12) months, not more than five clients that are residents of this state in addition to those specified under paragraph 2 of this subsection; or

4. Any other person exempted by rule adopted or order issued under this act.

C. It is unlawful for an investment adviser, directly or indirectly, to employ or associate with an individual to engage in an activity related to investment advice in this state if the registration of the individual is suspended or revoked under this act, or the individual is barred from employment or association with an investment adviser, federal covered investment adviser, or broker-dealer by an order under this act, the Securities and Exchange Commission, or a self-regulatory organization, unless the investment adviser did not know, and in the exercise of reasonable care could not have known, of the suspension, revocation, or bar. Upon request from the investment adviser and for good cause, the Administrator, by order, may waive, in whole or in part, the application of the prohibitions of this subsection to the investment adviser.

D. It is unlawful for an investment adviser to employ or associate with an individual required to be registered under this act as an investment adviser representative who transacts business in this state on behalf of the investment adviser unless the individual is required under subsection A of Section 21 of this act [Section 1-404 of this title] or is exempt from registration under subsection B of Section 21 of this act [Section 1-404 of this title].

E. The exemption from registration provided by subparagraph b of paragraph 2 of subsection B of this section shall not be available to any person who acts as an investment adviser to the state, any county, municipality or school district of this state, or any other political subdivision of this state; any agency or corporate or other instrumentality of any such entity; or any pension fund for the benefit of employees of any such entity.

3. Section 1-404 of the Act provides, in pertinent part:

A. It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this act as an investment adviser representative or is exempt from registration as an investment adviser representative under subsection B of this section.

B. The following individuals are exempt from the registration requirement of subsection A of this section:

> 1. An individual who is employed by or associated with an investment adviser that is exempt from registration under subsection B of Section 20 of this act [Section 1-403 of this title] unless the individual has a place of business in this state or is not a "supervised person" as that term is defined in Section 202(a)(25) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(25)); and
>
> 2. Any other individual exempted by rule adopted or order issued under this act.

C. The registration of an investment adviser representative is not effective while the investment adviser representative is not employed by or associated with an investment adviser registered under this act or a federal covered investment adviser that has made or is required to make a notice filing under Section 22 of this act [Section 1-405 of this title].

D. An individual may transact business as an investment adviser representative for more than one investment adviser or federal covered investment adviser at a time unless a rule adopted or order issued under

this act prohibits or limits an individual from acting as an investment adviser representative for more than one investment adviser or federal covered investment adviser.

E. It is unlawful for an individual acting as an investment adviser representative, directly or indirectly, to conduct business in this state on behalf of an investment adviser or a federal covered investment adviser if the registration of the individual as an investment adviser representative is suspended or revoked; or the individual is barred from employment or association with an investment adviser or a federal covered investment adviser by an order under this act, the Securities and Exchange Commission, or a self-regulatory organization; or the individual is subject to an order of a court of competent jurisdiction temporarily, preliminarily or permanently enjoining such individual from conducting business in this state on behalf of an investment adviser or a federal covered investment adviser. Upon request from a federal covered investment adviser and for good cause, the Administrator, by order issued, may waive, in whole or in part, the application of the requirements of this subsection to the federal covered investment adviser.

F. An investment adviser registered under this act, a federal covered investment adviser that has filed a notice under Section 22 of this act [Section 1-405 of this title], or a broker-dealer registered under this act is not required to employ or associate with an individual as an investment adviser representative for the referral of investment advisory clients so long as any compensation paid by such persons for such referral is paid to an investment adviser registered under this act, a federal covered investment adviser who has filed a notice under Section 22 of this act [Section 1-405 of this title], or a broker-dealer registered under this act with which the individual is employed or associated as an investment adviser representative.

4. Section 1-604 of the Act provides, in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act;

2. Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under subparagraph d or f of paragraph 1 of subsection B of Section 18 of this act [Section 1-401 of this title] or an investment adviser under subparagraph c of paragraph 2 of subsection B of Section 20 of this act [Section 1-403 of this title]; or

3. Issue an order under Section 9 of this act [Section 1-204 of this title].

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

C. If a hearing is requested or ordered pursuant to subsection B of this section, a hearing must be held pursuant to the Administrative Procedures Act. A final order may not be issued unless the Administrator makes findings of fact and conclusions of law in a record in accordance with the Administrative Procedures Act. The final order may make final, vacate, or modify the order issued under subsection A of this section.

D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars ($5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars ($250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

E. In a final order, the Administrator may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act.

F. If a petition for judicial review of a final order is not filed in accordance with Section 47 of this act [Section 1-609 of this title], the Administrator may file a certified copy of the final order with the clerk of a court of competent jurisdiction. The order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court.

G. If a person does not comply with an order under this section, the Administrator may petition a court of competent jurisdiction to enforce the order. The court may not require the Administrator to post a bond in an action or proceeding under this section. If the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount not to exceed One Thousand Dollars ($1,000.00) for each violation and may grant any other relief the court determines is just and proper in the circumstances.

Conclusions of Law

1. JJI is transacting business in this state as an unregistered investment adviser in violation of Section 1-403 of the Act.

2. Johanning is transacting business in this state as an unregistered investment adviser representative in violation of Section 1-404 of the Act.

3. The Administrator has the authority to order Respondents to cease and desist from engaging in acts, practices, and/or courses of business constituting a violation of the Act and/or Rules and to pay a civil penalty.

4. It is in the public interest to order Respondents to cease and desist from engaging in acts, practices, and/or courses of business constituting a violation of the Act and/or Rules and to pay a civil penalty.

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

Order

Based on Section 1-604 of the Act and the Findings of Fact, Authorities, and Conclusions of Law set forth above, IT IS HEREBY ORDERED that Respondents *immediately* cease and desist transacting business in this state as an unregistered

investment adviser and an unregistered investment adviser representative, respectively, in violation of the Act.

The Administrator may impose a civil penalty in the amount of $5,000, on each Respondent in a final order issued under Section 1-604 of the Act.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 27th day of May, 2015.

(SEAL)

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

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of the Order to Cease and Desist ("Order"). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator, after notice of and opportunity for hearing, may modify or vacate the Order or extend it until final determination.

If Respondents do not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, the Order becomes final by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 27th day of May, 2015.

(SEAL)

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

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 27th day of May, 2015, a true and correct copy of the above and foregoing *Order to Cease and Desist and Notice of Opportunity for Hearing* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

John Johanning, Inc.
4200 Perimeter Center Dr., Ste. 245
Oklahoma City, OK 73112-2322

John A. Johanning
1613 N. McMillan Ave.
Oklahoma City, OK 73127-3020

Brenda London
Brenda London, Paralegal

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

John A. Johanning
1613 N. McMillan Ave.
Oklahoma City, OK 73127-3020

FO-Agmt 15-061 TB

2. Article Number *(Copy from service label)*

7000 0520 0002 2715 0 8221

COMPLETE THIS SECTION ON DELIVERY

A. Received by *(Please Print Clearly)* John Johanning B. Date of Delivery 6-29-15

C. Signature

X [signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☑ Yes

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952