

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



In the Matter of:

Dell Raymond Hughes  
CRD No. 1804123,

Respondent.

ODS File No. 07-068

**NOTICE OF SERVICE ON THE ADMINISTRATOR**  
**AND**  
**AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA    )  
                                  )        ss.  
COUNTY OF OKLAHOMA )

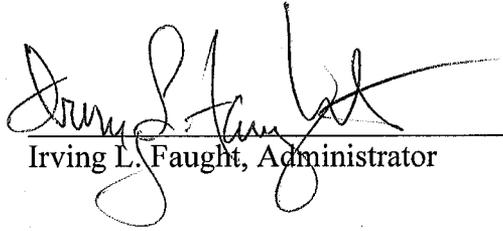
The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities ("Department").
2. That a copy of the Notice of Opportunity for Hearing ("Notice") with Enforcement Division Recommendation ("Recommendation") attached was delivered to Affiant in the office of the Administrator of the Department ("Administrator") pursuant to Section 1-611 of the Oklahoma Uniform Securities Act ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).
3. That the Administrator has received service of process on behalf of Respondent pursuant to Section 1-611 of the Act.
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 10th day of February, 2007, by certified mail, return receipt requested, to the last known address of Respondent, in compliance with Section 1-611 of the Act.
5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 9th day of February, 2007.

(SEAL)

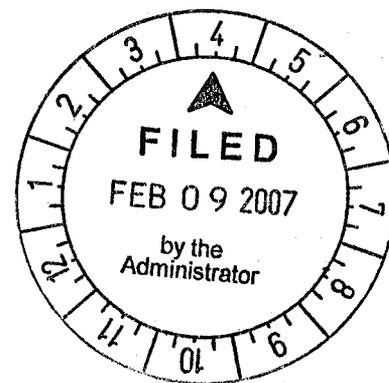
  
Irving L. Faught, Administrator

Subscribed and sworn to before me this 9th day of February, 2007.

 **BRENDA LONDON**  
Notary Public  
State of Oklahoma  
Commission # 05009046 Expires 09/28/09

  
Notary Public

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In the Matter of:

Dell Raymond Hughes  
CRD No. 1804123,

Respondent.

ODS File No. 07-068

**NOTICE OF OPPORTUNITY FOR HEARING**

1. Pursuant to the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and in conjunction with *In re Wilbanks Securities, Inc.*, the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Dell Raymond Hughes ("Respondent"), CRD No. 1804123.

2. On the 9th day of February, 2007, the attached Enforcement Division Recommendation ("Recommendation") was left in the office of the Administrator.

3. Pursuant to Section 1-411 of the Act, the Administrator hereby gives notice to Respondent of his right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within twenty (20) days after service of this Notice. Pursuant to Section 1-411 of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order imposing a civil penalty against Respondent in the amount of \$2,500 and suspending his agent and investment adviser representative registrations for ten (10) business days.

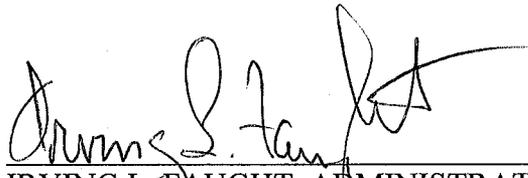
5. The request for hearing shall be in writing and Respondent shall specifically admit or deny each allegation in said request as required by 660:2-9-2 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules").

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within ninety (90) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondent not less than forty-five (45) days in advance thereof pursuant to 660:2-9-2 of the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 9th day of February, 2007.

(SEAL)



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

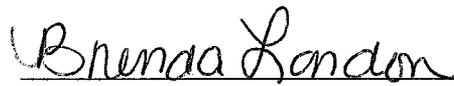
CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 10th day of February, 2007, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing, with the Enforcement Division Recommendation attached, was mailed by certified mail, return receipt requested, with postage prepaid thereon, addressed to:

Dell R. Hughes  
1501 S. Aspen Ct.  
Broken Arrow, OK 74012

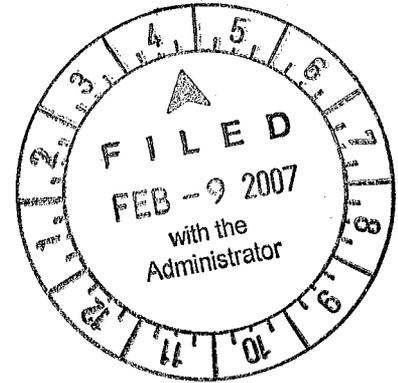
The undersigned hereby certifies that on the 10th day of February, 2007, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing, with the Enforcement Division Recommendation attached, was mailed by first class mail, with postage prepaid thereon, addressed to:

Wilbanks Securities, Inc.  
4334 Northwest Expressway, Ste. 222  
Oklahoma City, OK 73116



Brenda London, Paralegal

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



In the Matter of:

Dell Raymond Hughes  
CRD No. 1804123,

Respondent.

ODS File No. 07-068

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and in conjunction with *In re Wilbanks Securities, Inc.*, the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Dell Raymond Hughes ("Hughes" or "Respondent"), CRD No. 1804123. Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department ("Administrator") in support of sanction(s) against Respondent.

**Findings of Fact**

1. Respondent first registered in this state as a broker-dealer agent in May 1988 and as an investment adviser representative in September 2006. Since January 15, 2002, Respondent has been registered as an agent of Wilbanks Securities, Inc., CRD No. 40673. Respondent has been registered as an investment adviser representative of Wilbanks Securities Advisory, a registered investment adviser under the Act, since September 29, 2006. At all times material hereto, Respondent has been registered with the NASD as a registered representative.

2. On March 25, 2002, Respondent filed a voluntary petition for Chapter 7 bankruptcy in the United States Bankruptcy Court for the Northern District of Oklahoma. Respondent received a discharge from bankruptcy on June 25, 2002.

3. At all times material hereto, question 14K of Form U-4 asked, in part:

Within the past 10 years:

(1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?

4. At all times material hereto, Section 2 of Article V of the By-Laws of the NASD stated, in pertinent part:

(c) Every application for registration filed with the NASD shall be kept current at all times by supplementary amendments via electronic process or such other process as the NASD may prescribe to the original application. Such amendment to the application shall be filed with the NASD not later than 30 days after learning of the facts or circumstances giving rise to the amendment. . . .

5. On December 15, 2006, the Enforcement Division of the Department took the deposition of Respondent in the matter of Wilbanks Securities, Inc., *et al.* Pages 24-26 and 59-61 of the deposition transcript are attached hereto as "Attachment A" and are incorporated herein by reference.

6. To date, Respondent has not reported the filing of his bankruptcy petition on his Form U-4 in response to question 14K.

#### ***Respondent's Disciplinary History***

7. In 1996, two civil actions were brought against Respondent and Metropolitan Life Insurance Company ("Metlife") by customers of Respondent. In both actions, the plaintiffs alleged misrepresentations and/or false statements by Respondent. Metlife settled one action for \$311,271 and the other for \$60,000.

8. In December 1997, Respondent signed a Letter of Acceptance, Waiver and Consent ("AWC") proposed and accepted by NASD Regulation. The AWC resulted from Respondent's action of providing a document containing misleading information to certain customers in October 1992 in connection with the customers' purchases of a variable annuity product. These customers were parties to the above-mentioned civil suit against Respondent that was settled by Metlife for \$311,271. Pursuant to the AWC, Respondent was fined \$5,000, suspended for one week, and required to re-qualify as an Investment Company and Variable Contracts Products Representative by taking and passing the Series 6 examination.

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

#### **Authorities**

1. Subsection (b) of Section 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as adopted July 1, 2004) ("Rules") provides in pertinent part:

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and

just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

2. Subsection (b) of Section 660:10-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 15, 1998, and January 1, 2001) ("Predecessor Rules") provides in pertinent part:

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

3. Section 1-411 of the Act provides in part:

B. If the Administrator finds that the order issued is in the public interest and subsection D of this section authorizes the action an order issued under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser. . . .

C. If the Administrator finds that the order is in the public interest and paragraphs 1 through 6, 8, 9, 10, 12, or 13 of subsection D of this section authorizes the action, an order under this act may censure, impose a bar, impose a civil penalty in an amount not to exceed a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations on a registrant, and/or recover the costs of the investigation from a registrant and if the registrant is a broker-dealer or investment adviser, from any partner, officer, or director, any person having a similar function or any person directly or indirectly controlling the broker-dealer or investment adviser.

D. A person may be disciplined under subsections A through C of this section if the person:

\* \* \*

2. Has willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten (10) years;

### **Conclusions of Law**

1. Respondent has not disclosed the fact that he filed a petition for Chapter 7 bankruptcy in March 2002 on his Form U-4 in violation of NASD by-laws, thereby violating subsections (b) of Section 660:11-5-42 of the Rules and Section 660:10-5-42 of the Predecessor Rules.

2. Section 1-411 of the Act authorizes the Administrator to impose a civil penalty against Respondent and to suspend his agent and investment adviser representative registrations.

3. It is in the public interest for the Administrator to impose a civil penalty against Respondent in the amount of \$2,500 and to suspend his agent and investment adviser representative registrations for ten (10) business days.

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

**WHEREFORE**, it is recommended that the Administrator impose a civil penalty against Respondent in the amount of \$2,500, suspend Respondent's agent and investment adviser representative registrations for ten (10) business days, and impose any other sanction(s) deemed appropriate and authorized by law.

Dated this 9<sup>th</sup> day of February, 2007.

Respectfully submitted,



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Terra Shamas, OBA No. 20838  
Amanda Cornmesser, OBA No. 20044  
Melanie Hall, OBA No. 1209  
Oklahoma Department of Securities  
120 North Robinson, Suite 860  
Oklahoma City, OK 73102  
Tel.: 405.280.7700; Fax: 405.280.7742

1 A No.

2 Q Have you ever filed for bankruptcy?

3 A Yes.

4 Q And when did you file for bankruptcy?

5 A Nineteen -- excuse me -- it's been over five years.

6 Q Okay. Did you file for bankruptcy after you  
7 associated with Wilbanks Securities?

8 A I think it was before. I'm not completely sure.

9 Q Okay. Is your answer that you are not -- you don't  
10 remember?

11 A Don't remember the exact date, that is correct.

12 Q Okay. Now, your bankruptcy -- well, what chapter did  
13 you file?

14 A I believe it was Chapter 11.

15 Q Did you turn over any assets?

16 A No.

17 Q Do you recall where you filed the bankruptcy  
18 petition?

19 A Tulsa County.

20 Q Do you know the difference between a Chapter 7 and a  
21 Chapter 11 bankruptcy?

22 A No, I do not.

23 Q Okay. Have you disclosed your bankruptcy to Wilbanks  
24 Securities?

25 A Yes.

1 Q How did you disclose it?

2 A I believe I did it in writing.

3 Q Did you write them a letter?

4 A I don't recall.

5 Q Have you ever seen a form from Wilbanks Securities  
6 that asks you to disclose your bankruptcy?

7 A No.

8 Q Do you recall disclosing your bankruptcy to Wilbanks  
9 Securities on more than one occasion?

10 A No.

11 Q Do you have any recollection of when you disclosed it  
12 to Wilbanks Securities?

13 A Not for sure, no.

14 Q Do you know who you disclosed it to?

15 A Not completely, no.

16 Q Have you disclosed your bankruptcy petition on your  
17 Form U-4?

18 A I believe so.

19 Q How -- how did you go about doing that?

20 A Supplement.

21 Q When did you do that?

22 A It would have been after it was completed or  
23 resolved, or whatever word is used.

24 Q Did anyone tell you to disclose it on your Form U-4?

25 A No, I just knew that you were supposed to.

1 Q Did you go in and do it yourself, or did you tell  
2 someone else to do it on your behalf?

3 A I don't recall.

4 Q Mr. Hughes, do you have any sort of criminal  
5 background?

6 A No.

7 Q So in -- other than a minor traffic ticket, have you  
8 ever had criminal charges brought against you?

9 A No, I have not.

10 Q Do you have any pending customer complaints against  
11 you?

12 A No, I do not.

13 Q Other than the two customer complaints we've already  
14 spoken about, have you received any other customer  
15 complaints in the last 10 years?

16 A No, I have not.

17 Q Have you been the subject of any action by a  
18 securities regulator?

19 A Yes.

20 Q What regulator was that?

21 A The NASD.

22 Q When was that action?

23 A In 1995.

24 Q Was it the basis of the Burrows or the Gian --  
25 Gian -- Gian complaint?

1 Q Where do you keep that folder?

2 A It's been in my office.

3 Q Now, when you receive the updates, what are they --  
4 what are they generally about?

5 A Anything that's changed in rules or regulations with  
6 the NASD or procedures at Wilbanks Securities.

7 Q Now, when was the last time that you received any  
8 sort of update to the compliance manual?

9 A I don't know if it's an update, but we all were  
10 required to fill out a form about our indexed annuity  
11 business with the restating the NASD regulations on how  
12 the annuities were to be processed. That was within the  
13 last 60 days, if I recall correctly.

14 Q Now, are you familiar with the -- strike that.  
15 When was the last time you amended your Form U-4?

16 A It would have been amended this year.

17 Q And what was the reason for amending it?

18 A Because I went and took another exam.

19 Q What exam did you take?

20 A Sixty-five or 66, one of the two.

21 Q Okay. Did you pass?

22 A Yes.

23 Q So it was the 65 or the 66?

24 A I don't recall the exact number. It must have  
25 been -- it's one allowing the Series 7 representative to

1 be able to do fee-based planning.

2 Q Okay. Now, did you say that you took it in the last  
3 month?

4 A No, I took it this year.

5 Q This year? When did you take it?

6 A Earlier this year. Longer ago than a month, let me  
7 put it that way.

8 Q Now, prior to that, when you updated your Form U-4,  
9 how did you go about making that update?

10 A It was done by Wilbanks Securities when I requested  
11 to take the test.

12 Q Okay. If -- if you received a customer complaint, do  
13 you know how you would go about updating your Form U-4?

14 A I know that if I received a customer complaint, how I  
15 am supposed to handle it.

16 Q Okay. Do you know how your Form U-4 would be  
17 updated?

18 A No, I don't recall -- know the exact procedure how my  
19 U-4 would be updated.

20 Q Okay. Before taking the test recently, sometime this  
21 year, when was the last time you had to update your  
22 Form U-4?

23 A It would have been when I took my Series 7 exam,  
24 which would have been a year and a half or more ago.

25 Q And other than -- do you recall how you updated your

1 Form U-4 at that time?

2 A I believe it was updated by Wilbanks Securities when  
3 I requested to take the exam.

4 Q So have you ever updated the Form U-4 yourself, or  
5 would you always have to go through Wilbanks Securities?

6 A I don't recall ever having actually filled one out  
7 and mailed it in in a long time. In a long time, let me  
8 put it that way.

9 Q Is that something that you rely upon Wilbanks  
10 Securities to do for you?

11 A I haven't had to do any updates, other than licensing  
12 exams.

13 Q Okay. Now, are you familiar with the name Richard  
14 Sandow?

15 A I believe I have heard of him; that's it.

16 Q How is it that you have heard that name?

17 A I just heard it mentioned.

18 Q Do you know anything about him?

19 A Nope.

20 Q Are you familiar with the name Cheryl Young?

21 A No.

22 Q Are you familiar with the name Richard Hammel?

23 A Name sounds familiar, but I don't know what  
24 relationship.

25 Q Okay. Do you ever recall meeting a man named Richard