

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



In the Matter of:

Gary Michael Staton (CRD No. 4967223),

Respondent.

ODS File No. 10-065

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 (“Administrator”).

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 pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2009).

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 2nd day of August, 2010, by certified mail, return receipt requested, delivery restricted to addressee, to the last known addresses 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 2nd day of August, 2010.

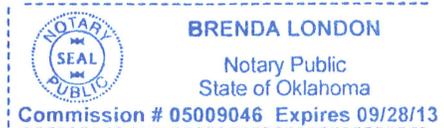
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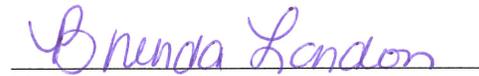


IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 2nd day of August, 2010.

(SEAL)





Notary Public

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



In the Matter of:

Gary Michael Staton (CRD No. 4967223),

Respondent.

ODS File No. 10-065

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2009), the Enforcement Division of the Oklahoma Department of Securities (“Department”) conducted an investigation into the activities of Gary Michael Staton (“Respondent”), in connection with the offer and/or sale of securities in and/or from Oklahoma.

2. On 30th day of July, 2010, the attached Enforcement Division Recommendation (“Recommendation”) was left in the office of the Administrator of the Oklahoma Department of Securities (“Administrator”).

3. Pursuant to 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007) (“Rules”) and Section 1-411 of the Act, the Administrator hereby gives notice to Respondent of his obligation to file an answer and his right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The answer must be in writing and received by the Administrator within fifteen (15) days after service of this Notice. As required by 660:2-9-2 of the Rules, the answer shall indicate whether Respondent requests a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondent does not have, and is unable to obtain, sufficient information to admit or deny each allegation.

5. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order barring Respondent from future registration under the Act in any capacity, barring Respondent from association with a broker-dealer or investment adviser in any capacity, and/or imposing such other sanctions as appropriate and authorized by law, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on the Recommendation shall be promptly scheduled 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 2nd day of August, 2010.

(SEAL)

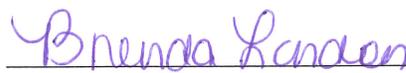


IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

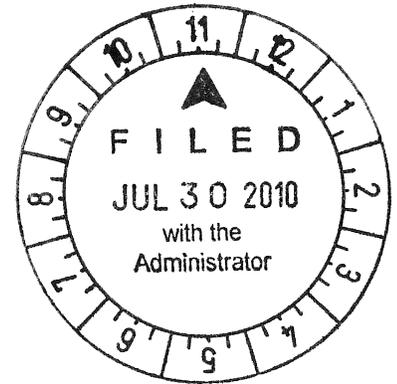
The undersigned hereby certifies that on the 2nd day of August, 2010, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Gary Michael Staton
304 E. Uniontown St.
Broken Arrow, OK 74012



Brenda London, Paralegal

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



In the Matter of:

Gary Michael Staton (CRD No. 4967223),

Respondent.

ODS File No. 10-065

ENFORCEMENT DIVISION RECOMMENDATION

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2009), the Enforcement Division of the Oklahoma Department of Securities (“Department”) conducted an investigation into the activities of Gary Michael Staton (“Respondent”), in connection with the offer and/or sale of securities in and/or from Oklahoma. Based thereon, the Enforcement Division submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department (“Administrator”) in support of sanctions against Respondent.

Findings of Fact

1. Respondent is not currently registered in any capacity under the Act.
2. Respondent was previously registered as an agent and investment adviser representative under the Act. Respondent was registered with Allstate Financial Services, LLC (Allstate) from June 2006 to October 2008 and AXA Advisors, LLC (AXA) from October 2008 through April 2009.
3. In September 2008, a brokerage client of Respondent (Investor) wrote a check in the amount of \$90,000 payable to SFF, LLDP. This check was deposited into a bank account titled Staton Family Financial, LLP (SFF Account).
4. Staton Family Financial, LLP is an Oklahoma limited partnership controlled by Respondent.
5. In October 2008, the Investor wrote a check in the amount of \$100,000 payable to Gary Staton. The memorandum line of this check read “Investment”. This check was deposited into the SFF Account.
6. Staton provided the Investor with a receipt signed by Staton on March 30, 2009, that states as follows:

In the receipt of 100,000.00 dollars (One hundred thousand dollars and no cents) from [Investor]. Monies were placed in to [sic] a private placement with SFF, LLP. The private placement is to be held until November 1, 2011. Forfeiture of this will result in 50% (fifty percent) early withdrawal charge. Monies are guaranteed at 10% APR.

7. The Investor is now deceased.

8. The majority of the investor funds were transferred to a Scottrade account held in the name of Staton Family Financial LLP. No funds appear to have been invested on behalf of the Investor or returned to the Investor.

9. Respondent did not disclose Staton Family Financial LLP as an outside business activity to AXA or Allstate.

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:

“Agent” means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities. A partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act.

2. Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007) (“Rules”) states, in pertinent part:

(a) Purpose. This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) Standards.

(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.

* * *

(15) No broker-dealer or agent of a broker-dealer shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device, practice, plan, program, design, or contrivance.

(16) The following standards shall apply to the use of customer funds:

(A) No broker-dealer or person associated with a broker-dealer shall make improper use of a customer's securities or funds.

3. NASD Conduct Rule 3030 provides:

No person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to the member. Such notice shall be in the form required by the member. Activities subject to the requirements of Rule 3040 shall be exempted from this requirement.

4. NASD Conduct Rule 3040 provides in pertinent part:

(b) Written Notice

Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided however that, in the case of a series of related transactions in which no selling compensation has been or will be received, an associated person may provide a single written notice.

5. Section 1-411 of the Act provides in pertinent 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 engaged in unethical practices in the securities business in connection with the improper use of the Investor's funds, in violation of Rule 660:11-5-42.

2. Respondent engaged in "selling away" while employed as an agent of a broker-dealer, in violation of NASD Conduct Rules 3030 and 3040 and 660:11-5-42 of the Rules.

3. The Administrator is authorized to bar Respondent from future registration under the Act in any capacity and to bar Respondent from association with a broker-dealer or investment adviser in any capacity.

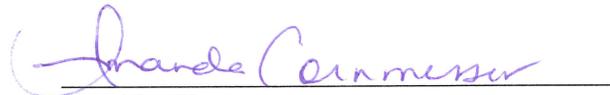
4. It is in the public interest for the Administrator to bar Respondent from future registration under the Act in any capacity and to bar Respondent from association with any broker-dealer or investment adviser in any capacity.

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 issue an order barring Respondent from future registration under the Act in any capacity, barring Respondent from association with a broker-dealer or investment adviser in any capacity, and/or imposing such other sanctions as appropriate and authorized by law.

Dated this 29th day of July, 2010.

Respectfully submitted,



Jennifer Shaw
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