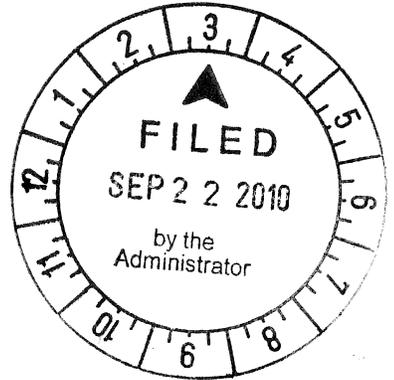


STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER
120 NORTH ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

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

Respondents.

File No. 09-141

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

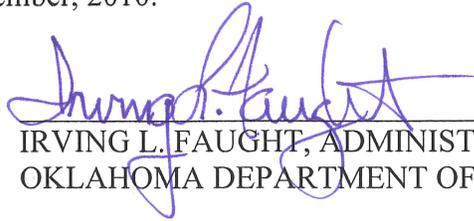
The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

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 Respondents, 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 22nd day of September, 2010, by certified mail, return receipt requested, delivery restricted to addressee, to the last known addresses of Respondents, 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 22nd day of September, 2010.

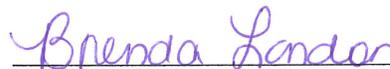
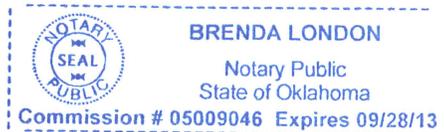
(SEAL)



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

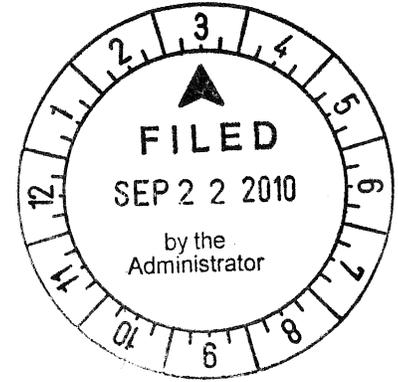
Subscribed and sworn to before me this 22nd day of September, 2010.

(SEAL)



Notary Public

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.

File No. 09-141

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 Capital West Securities, Inc. *nka* Geary Securities, Inc. (“Geary Securities”), Keith D. Geary (“Geary”), Norman Frager (“Frager”), and CEMP LLC (collectively, the “Respondents”), in connection with the purchase, offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 22nd day of September, 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 Respondents of their obligation to file an answer and their 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 Respondents request a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondents do not have, and are unable to obtain, sufficient information to admit or deny each allegation. If Respondents intend in good faith to deny only a part of an allegation, Respondents shall specify so much of it as is true and shall deny only the remainder.

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 imposing a censure and a civil penalty in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) against Geary Securities; barring Respondents Geary and Frager from being registered in any

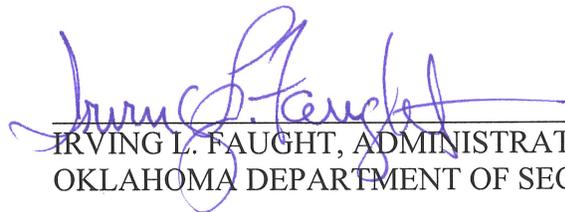
capacity under the Act or any successor to the Act; and ordering CEMP LLC to cease and desist the offer and/or sale of any security in violation of the Act; pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

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 Respondents 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 22nd day of September, 2010.

(SEAL)



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

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 22nd day of September, 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:

Gearly Securities, Inc.
211 North Robinson, Suite 200
Oklahoma City, OK 73102

Keith D. Geary
211 North Robinson, Suite 200
Oklahoma City, OK 73102

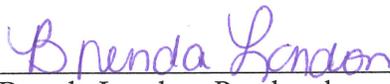
Norman Frager
14659 Mallard Lake Drive
Chesterfield, MO 63017

CEMP, LLC
211 North Robinson, Suite 200
Oklahoma City, OK 73102

The undersigned also hereby certifies that on the 22nd day of September, 2010, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by first class mail, with postage prepaid thereon, addressed to:

Joe M. Hampton, Esq.
Corbyn Hampton, PLLC
211 North Robinson, Suite 1910
Oklahoma City, OK 73102

Donald A. Pape, Esq.
Phillips Murrah P.C.
101 North Robinson, 13th Floor
Oklahoma City, OK 73102



Brenda London, Paralegal

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.

File No. 09-141

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 Capital West Securities, Inc., Keith D. Geary, Norman Frager, and CEMP LLC (collectively, the "Respondents"), in connection with the purchase, offer and/or sale of securities in and/or from the state of Oklahoma.

The Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) set forth the standards of ethical practices for broker-dealers and their agents. As more specifically set forth below, Respondents Capital West Securities, Inc., Keith D. Geary and Norman Frager have engaged, and may continue to be engaging, in unethical broker-dealer practices. Such practices include making untrue statements of material fact; making material omissions; making unsuitable recommendations to clients; failing to act in the best interest of clients; creating and perpetuating conflicts of interest; buying and selling securities at inflated prices; failing to honor offers to purchase; failing to maintain required net capital; and/or continuing business operations while under net capital.

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 Respondents.

Findings of Fact

I. Background

A. Relevant Persons

1. Capital West Securities, Inc., an Oklahoma corporation, was registered as a broker-dealer under the Oklahoma securities statutes on May 25, 1995. At all times material hereto, the firm's principal business location has been at 211 North Robinson, Suite 200, Oklahoma City, Oklahoma.

2. In August of 2007, Capital West Securities, Inc. became a wholly-owned subsidiary of The Geary Companies, Inc., a Delaware corporation. As of December 1, 2009, Capital West Securities, Inc. changed its name to Geary Securities, Inc. With respect to all matters addressed herein, the broker-dealer will be referred to as Geary Securities. At all times material hereto, Geary Securities was also registered as an investment adviser under the Act.

3. Keith Geary (Geary), a resident of the state of Oklahoma, owns The Geary Companies equally with his wife. Geary is the chief executive officer of The Geary Companies, and is Chairman, Chief Executive Officer and President of Geary Securities. Geary has been registered under the Act as a broker-dealer agent of Geary Securities since April 25, 2007.

4. Norman Frager (Frager) is, and at all times material hereto has been, the designated Financial Principal for Geary Securities. As the Financial Principal, Frager functions as the firm's chief financial officer responsible for the preparation and filing of the firm's Financial and Operational Combined Uniform Single (FOCUS) reports, to include net capital computations. At all times material hereto, Frager has been a resident of the state of Missouri. Frager is present in the Oklahoma City office of Geary Securities two to three days per month.

5. CEMP LLC, a Delaware limited liability company formed on July 16, 2009, is wholly owned by The Geary Companies. CEMP LLC is a special purpose entity created by The Geary Companies to engage in activities such as acquiring and pooling residential loans and mortgage and agency securities, and offering mortgage or asset-related securities. The business address of CEMP LLC is 211 North Robinson, Suite 200, Oklahoma City, Oklahoma. At all times material hereto, CEMP LLC was not registered under the Act in any capacity and employed or associated with persons who were not registered under the Act.

6. The CEMP Resecuritization Trust 2009-1 is a statutory trust formed on August 13, 2009, under the laws of the state of Delaware at the direction of Geary (CEMP 2009-1). At times material hereto, the trust issued and sold its Mortgage Resecuritization Notes, Series 2009-1, Class A-1 and Class A-2 (the "CEMP Class A-1 Notes" and the "CEMP Class A-2 Notes") (collectively, the "CEMP 2009-1 Offering"). Geary Securities served as the placement agent for the offering.

7. Geary Securities and CEMP LLC are under the common ownership and control of The Geary Companies and Geary.

8. Joseph D. McKean (McKean) is sole owner and Chairman of the Board of Directors of Frontier State Bank (Frontier) in Oklahoma City, Oklahoma. McKean is also an owner and Chairman of the Board of Directors of another bank located in Oklahoma that will hereinafter be referred to as Bank A.

B. Targeted Clientele

9. At times material hereto, Geary promoted a leveraged investment program to various Oklahoma financial institutions as a way for such institutions to purchase assets with wholesale funding collateralized by the purchased assets (the "Leveraged Investment Program").

10. Among the assets that could be purchased through the Leveraged Investment Program were agency and private label collateralized mortgage obligations. As explained by Geary, investments by a financial institution in collateralized mortgage obligations provided monthly cash flow that reduced the amount of principal at risk and lessened the potential interest rate risk to the institution. He represented that with daily monitoring and evaluation of investment performance and interest rate risk, the investments could generate a thirty percent (30%) pre-tax return.

11. At times material hereto, Frontier utilized the Leveraged Investment Program. In October of 2008, the Federal Deposit Insurance Corporation (FDIC) alleged that Frontier State Bank was engaging in unsafe and unsound banking practices to include utilization of the Leveraged Investment Program. A hearing was ordered to commence on June 1, 2009 (the "Frontier/FDIC Hearing").

12. At times material hereto, Geary recommended that other Oklahoma financial institutions purchase certain private label collateralized mortgage obligations (PL-CMOs), to wit: Bank A; Bank B, a bank located in Oklahoma; and Bank C, a bank located in Oklahoma (collectively with Frontier, the "Banks"). Beginning in or around March of 2008, each of the Banks purchased multiple PL-CMOs through Geary Securities.

C. Regulatory Concerns

13. Subsequent to the purchase of the PL-CMOs by the Banks, the FDIC, the Office of the Comptroller of the Currency (OCC), and/or the Oklahoma State Banking Department challenged the PL-CMO holdings in the Banks' investment portfolios, primarily because of the downgraded ratings of collateralized mortgage obligations by certain of the rating agencies.

14. On April 30, 2009, the FDIC issued Financial Institution Letter (FIL-20-2009) addressing banks with portfolio holdings in structured credit investment products, to include collateralized mortgage obligations. Specifically, FIL-20-2009 notified FDIC-insured financial institutions of the agency's enhanced scrutiny of the institutions' risk management policies and procedures, and their investment portfolio composition, performance and risks. Further, the FDIC warned that any weaknesses in these areas would be reflected in the supervisory ratings and capital requirements of the institution under review.

15. Based on the issuance of FIL-20-2009 by the FDIC, Geary concluded that a unique secondary market would develop as a result of the expected liquidation of PL-CMOs by banks in response to regulatory concerns.

16. On May 22, 2009, The Geary Companies formed Mortgage Pool Credit Enhancement, LLC (MPCE), an Oklahoma limited liability company. Geary, the registered agent of the company, described MPCE as a vehicle through which downgraded PL-CMOs could be purchased from banks, at a potential profit, and combined with a credit enhancement to create a new "AAA" rated "re-securitized" security suitable for purchase by banks. Geary expected the sale of the repackaged securities to be a new profit center for Geary Securities.

17. MPCE never commenced operations. The Geary Companies subsequently created CEMP LLC to fulfill the intended role of MPCE.

II. Frontier State Bank

18. On May 1, 2009, the FDIC notified Frontier through a Prompt Correction Action (PCA) letter that the bank would be required to amend and re-file its December 31, 2008 and March 31, 2009 call reports due to certain of its PL-CMO holdings and the downgraded ratings associated therewith.

19. On or about May 15, 2009, McKean advised Geary that Frontier was exploring the sale or repackaging of certain of its PL-CMOs and asked Geary to check the price at which seven identified PL-CMOs could be sold. Geary responded by promoting the MPCE.

A. Frontier's Decision to Sell

20. The Frontier Board of Directors subsequently voted to sell the bank's PL-CMOs that were characterized by the FDIC as "sub-investment grade" through bids solicited from authorized broker-dealers, including Geary Securities.

21. On the morning of Frontier's release of the solicitations for bids, Geary and McKean met. McKean's summary of the discussions of that meeting was communicated on McKean's behalf to officers and directors of Frontier and Geary in an e-mail sent Tuesday, May 26, 2009, at 10:11 a.m., that stated in pertinent part as follows:

I met with Keith early this morning, Tuesday, May 26th.

Capital West can buy PL-CMOs as a Dealer. CW plans to bid on our package which goes out today. Keith will bid then in such a manner as to allow for a 1-5% GAIN on the sale, and will be the highest bidder of all the bids. These will be owned directly by CW. JDM & [Customer D] will not be involved in these purchases. CW can fund these purchases via short term loans from Pershing/Mellon Bank.

Within about 2-4 weeks, CW will repackage these PL-CMOs into 1A1 PL-CMOs with a AAA Rating and into B1 PL-CMOs with a Sub Investment Grade Rating. FSB, [Bank A], JDM, and [Customer D] will be allowed to purchase the AAA rated PL-CMOs at the same net rate that CW purchased them. JDM will be allowed to purchase the B1 PL-CMOs.....again at the same net rate that CW purchased them. No Fees. No Gain or Loss to CW.

CW will retain all coupon earnings pro rated to the number of days they own the securities.

** * **

CW will close on all of these purchases on Thursday, May 28th. Cash to be transferred to FSB by wire transfer on the 28th.

** * **

Next week, after the Trial is over, we are likely to repeat this process with the Downgraded PL-CMO[s] that remain in our portfolio. We'll see how this goes, and then make that decision then.

22. Geary had a specific purpose for buying the downgraded PL-CMOs at prices he knew would be higher than those of other bidders, *i.e.*, to purchase the PL-CMOs to be the underlying collateral for the CEMP 2009-1 Offering – an offering of securities that he intended to sell at a “meaningful” profit for Geary Securities.

1. First Frontier Pool

23. Bids were solicited by Frontier on twelve (12) PL-CMOs beginning on Tuesday, May 26, 2009 (the “First Frontier Pool”). The deadline for submission of the bids was the next day at noon (EST). The original face values of the PL-CMOs in the First Frontier Pool totaled \$118,801,150.

24. With respect to one of the PL-CMOs in the First Frontier Pool, Geary Securities submitted a bid that was almost ten (10) times higher than another of the bids received by Frontier. With respect to other PL-CMOs in the First Frontier Pool, Geary Securities submitted bids to purchase that were as much as two to over four times higher than the next highest bids received by Frontier. Geary determined the bid prices submitted by Geary Securities.

25. The bid prices submitted by Geary Securities were accepted by Frontier on May 27th. The trades were entered on May 28th for same day settlement. On May 28, 2009, the PL-CMOs in the First Frontier Pool were sold by Frontier and purchased by Geary Securities. Frontier received the sales proceeds, totaling in excess of \$77,000,000, on May 28th, through the routine daily net settlement process of Geary Securities’ clearing broker.

26. Frontier reported a gain of over \$3,600,000 from the sale of the First Frontier Pool.

2. Second Frontier Pool

27. On June 1, 2009, Frontier solicited bids for six other PL-CMOs in its portfolio (the "Second Frontier Pool"). The original deadline for submission of these bids was close of business on Friday, June 5th. The time period for submission of bids was subsequently shortened to the close of business on Thursday, June 4th. The original face values of the PL-CMOs in the Second Frontier Pool totaled \$44,502,000.

28. Geary Securities responded to Frontier by submitting bids on only four of the PL-CMOs in the Second Frontier Pool by the June 4th deadline. At the same time, Geary advised Frontier not to sell a Banc of America PL-CMO (the "Banc of America PL-CMO") or a Lehman PL-CMO (the "Lehman PL-CMO") because both securities were still "AAA" rated.

29. With respect to the four PL-CMOs in the Second Frontier Pool on which the firm bid, Geary Securities submitted bids that were between three and five times higher than the next highest bids received by Frontier.

30. Early on the morning of June 5, 2009, Geary Securities submitted a bid on the Lehman PL-CMO at the personal request of McKean. McKean requested the bid to avoid a cumulative loss to the bank on the sale of the four PL-CMOs on which Geary Securities previously bid. The bid on the Lehman PL-CMO submitted by Geary Securities was two and one-half (2½) times higher than the next highest bid received by Frontier.

31. On June 5th, Frontier accepted Geary Securities' bid prices on the five PL-CMOs in the Second Frontier Pool. With the exception of one of the PL-CMOs, the trades were effected and settled on June 5th. The last trade was effected and settled on June 8th.

32. Frontier reported a gain of approximately \$1,000,000 on the sale of the Second Frontier Pool.

B. The Frontier/FDIC Hearing

33. The Frontier/FDIC Hearing commenced as scheduled on Monday, June 1, 2009, after the sale of the PL-CMOs in the First Frontier Pool and before the sale of the PL-CMOs in the Second Frontier Pool.

34. On June 4th, Geary was called as a witness at the Frontier/FDIC hearing on behalf of Frontier. Geary strongly defended his Leveraged Investment Program and Frontier's management of its PL-CMO portfolio. Geary testified that his personal integrity was being challenged by the FDIC and that he welcomed the opportunity to testify to prove that he had been "right".

35. On June 5th, immediately following the sale of the second pool of PL-CMOs, Frontier made a proffer to the hearing officer stating that Frontier no longer held a position in the PL-CMOs in question and that the PL-CMOs had been sold at a profit to the bank. The decision of the hearing officer is pending.

C. Keith Geary's Dilemma

36. At the time Geary Securities submitted its bids on the First Frontier Pool, Geary intended for Geary Securities to hold the PL-CMOs for two to four weeks while the PL-CMOs were pooled to collateralize the mortgage-backed securities to be created by The Geary Companies. Geary anticipated that he would solicit McKean, Frontier and other financial institutions to be potential buyers of the newly created securities.

37. Geary Securities committed to purchase the PL-CMOs from Frontier even though the firm did not have a paying customer as the contra party to the transactions and the firm was unable to fund the purchases itself. After the purchases were effected, Geary learned that Geary Securities would not be able to hold the PL-CMOs pending the completion of the resecuritization process due to capitalization issues that arose for the firm.

38. In order to eliminate the net capital issues he had created for Geary Securities, Geary convinced McKean, individually, and as Chairman of Customer D, a not-for-profit entity, to accept the transfer of all of the PL-CMOs from the firm at the same prices at which Geary Securities purchased the securities from Frontier. The transfer of the PL-CMOs from Geary Securities to the Geary Securities accounts of McKean and Customer D occurred either on June 1, 2009, or June 3, 2009.

39. With two exceptions, each of the PL-CMOs in the First and Second Frontier Pools was valued, as of June 30, 2009, at a price significantly less than the price at which Geary Securities purchased the securities from Frontier, and less than the price at which Geary Securities subsequently sold the securities to McKean and Customer D, or there was no reported value at all.

III. Other Banks' Responses to Regulatory Concerns

A. Bank A

40. In early 2009, the FDIC expressed concerns about the PL-CMOs in Bank A's investment portfolio.

41. In or around May of 2009, the Bank A Board of Directors voted to sell twenty-seven (27) of its PL-CMO holdings. Beginning on June 1, 2009, Bank A solicited bids on the PL-CMOs. The deadline for submission of bids was the close of business on June 5, 2009, for settlement on June 12, 2009. Bank A later extended the deadline for submission of bids to the close of business on June 9, 2009.

42. On June 9, 2009, Geary, on behalf of Geary Securities, responded to Bank A's solicitation for bids. Geary set forth the firm's bids on twenty-two (22) of the PL-CMOs. Geary Securities declined to bid on five of the PL-CMOs because the securities were still "AAA" rated. Although Geary Securities submitted bids in response to Bank A's solicitation, Geary recommended that Bank A not sell any of its PL-CMOs.

43. At its June meeting, the Bank A Board of Directors reconsidered the sale of the PL-CMOs and voted to retain the securities in the bank's investment portfolio due to the potential for significant reductions in the bank's future earnings as a result of the sale.

B. Bank B

44. In light of issues raised by the OCC concerning the PL-CMOs in its investment portfolio, Bank B considered the sale of the PL-CMOs in order to alleviate the regulatory burdens such securities created for the bank.

45. On or about May 28, 2009, Geary recommended that Bank B solicit bids to sell its PL-CMOs during the following week and that Geary Securities be included in the bidding process.

C. Bank C

46. In June of 2008, the Oklahoma State Banking Department expressed concerns about the PL-CMOs in Bank C's investment portfolio. When Bank C considered selling the securities, Geary advised the bank not to sell the PL-CMOs. Ultimately, Bank C concluded that it could not sell the securities without incurring extensive losses.

47. In or around June of 2009, Geary advised Bank C that he had an investment vehicle through which the bank's PL-CMOs could be purchased, to wit: the resecuritization trust.

IV. The CEMP 2009-1 Offering

48. On or about July 7, 2009, Geary began promoting the CEMP 2009-1 Offering, purportedly involving over thirty (30) PL-CMOs, with original face values totaling over \$240 million.

49. On July 16, 2009, CEMP LLC was formed as part of the CEMP 2009-1 Offering.

50. On or about the same date as CEMP LLC was formed, Geary advised Frontier that, on July 24, 2009, Geary Securities would be interested in bidding on the Banc of America PL-CMO that he previously advised Frontier not to sell. Geary similarly advised McKean that Geary Securities would be interested in bidding on the eight PL-CMOs personally owned by McKean and the ten (10) PL-CMOs owned by Customer D. Geary advised Bank A that Geary Securities would reaffirm the bids it submitted on June 9, 2009, on eighteen (18) of the bank's PL-CMOs – the same securities that he had previously advised Bank A not to sell. Geary also advised Bank B that Geary Securities would be interested in bidding on three of the bank's four PL-CMOs. Geary advised Bank C that Geary Securities would be interested in bidding on six of the bank's seven PL-CMOs.

51. Geary further advised that the proposed sales would have a trade date of July 27, 2009, for settlement on July 30, 2009. The scheduled closing date for the CEMP 2009-1 Offering was July 30, 2009.

52. Frontier declined to sell the Banc of America PL-CMO.

53. McKean, individually and on behalf of Customer D, accepted the bid prices submitted by Geary Securities for the eighteen (18) PL-CMOs. The prices were the same prices at which Geary Securities sold the securities to Customer D and McKean in the previous month. Geary Securities did not enter trade tickets for the purchases.

54. On or about July 24, 2009, Geary eliminated eleven (11) of the PL-CMOs owned by Bank A from inclusion in the CEMP 2009-1 Offering. Bank A eventually agreed to sell seven of the PL-CMOs to Geary Securities. Geary Securities did not enter trade tickets for the purchases.

55. Bank B initiated the sale of its four PL-CMOs through bids solicited from seven broker-dealers, including Geary Securities. The deadline for submission of bids was noon on July 24th.

56. Geary, on behalf of Geary Securities, submitted bids on three of Bank B's PL-CMOs that were between two and four times higher than the next highest bids received by Bank B. Four of the broker-dealers receiving the bank's solicitation to bid did not submit bids. One broker-dealer submitted a bid for only one of the PL-CMOs.

57. Bank B agreed to sell the three PL-CMOs at the bid prices submitted by Geary Securities with a trade date of July 27, 2009, for settlement on July 30, 2009. Geary Securities did not enter trade tickets for the purchases.

58. Beginning on July 16, 2009, Bank C solicited bids on the six PL-CMOs about which Geary Securities had inquired. The bank solicited bids from four broker-dealers, including Geary Securities. The deadline for submission of bids was 1:00 p.m. on July 24th. Two broker-dealers declined to bid, one specifically because of the market conditions at the time.

59. Geary, on behalf of Geary Securities, submitted bids to purchase Bank C's PL-CMOs that were between two and one-half (2½) and seven times higher than those of the only other bidding firm.

60. Bank C accepted the bids to purchase submitted by Geary Securities. Geary Securities did not enter trade tickets for the purchases.

61. Ultimately, Geary Securities would offer to buy seven PL-CMOs from Bank A, three PL-CMOs from Bank B, six PL-CMOs from Bank C, eight PL-CMOs from McKean, and ten PL-CMOs from Customer D.

62. At the time of the submission of bids to purchase the PL-CMOs, Geary anticipated receipt of a short-term loan for Geary Securities to finance the purchase. Geary Securities did not receive the anticipated financing.

63. Geary Securities committed to purchase the PL-CMOs from McKean, Customer D, Bank A, Bank B and Bank C without a contra party to the transactions with the ability to fund the purchases and without the ability to fund the purchases itself.

64. On July 28, 2009, Geary advised Bank A, Bank B, Bank C and McKean, individually and as Chairman of Customer D, that the CEMP 2009-1 Offering would not close on July 30th. As a result, Geary directed that the sales of the PL-CMOs be closed in escrow on July 31, 2009. Geary advised each seller that the necessary paperwork, to include a customer agreement and a securities purchase agreement, would be forthcoming by email.

65. Each seller of the PL-CMOs entered into separate customer agreements with CEMP LLC and The Bank of New York Mellon, effective July 31, 2009, (collectively, the "Customer Agreements") whereby each seller authorized The Bank of New York Mellon to hold the PL-CMOs on its behalf until the closing of the CEMP 2009-1 Offering on August 11, 2009.

66. Each seller entered into a separate agreement with CEMP LLC, effective July 31, 2009 (the "Securities Purchase Agreements"), whereby CEMP LLC agreed to purchase:

- (a) ten PL-CMOs from Customer D in exchange for \$57,765,115.30;
- (b) eight PL-CMOs from McKean in exchange for \$37,359,422.13;
- (c) seven PL-CMOs from Bank A in exchange for \$15,585,869.99;
- (d) three PL-CMOs from Bank B in exchange for \$5,985,713.27; and
- (e) six PL-CMOs from Bank C in exchange for \$10,958,392.04.

67. The Securities Purchase Agreements provided that on August 11, 2009, CEMP LLC would sell the PL-CMOs to The Bank of New York Mellon, on behalf of the CEMP Resecuritization Trust 2009-1.

68. Each seller authorized the free delivery of the PL-CMOs to the CEMP 2009-1 Distribution Account at the Bank of New York Mellon as of July 31, 2009.

69. Geary signed each of the Customer Agreements and Securities Purchase Agreements as Chairman of CEMP LLC.

70. The CEMP 2009-1 Offering did not close on August 11, 2009. The closing was postponed to August 18th and then to August 21st.

71. As the closing for the CEMP 2009-1 Offering continued to be postponed, Bank B and Bank C demanded that they be paid the proceeds from the sale of the banks' PL-CMOs.

V. Solicitation of CEMP Notes

72. On more than one occasion in July of 2009, Geary asked whether Frontier and/or Bank A had an interest in purchasing the CEMP Class A-1 Notes. McKean initially advised Geary that the banks would be interested. Geary responded that the structure of the offering was still being finalized and that he would have additional information.

73. On July 21, 2009, Geary actually recommended to McKean that Frontier and/or Bank A purchase the "AAA" rated CEMP Class A-1 Notes.

74. On August 20, 2009, Geary learned that Frontier, Customer D and Bank A would not be purchasers of the CEMP Class A-1 Notes. The closing date for the CEMP 2009-1 Offering was then postponed to September 15th.

75. Ultimately, Geary Securities and Geary failed to honor their offers to purchase the PL-CMOs from McKean, Customer D and Bank A. Without a buyer for the CEMP notes, Geary, on September 14, 2009, notified McKean, Customer D and Bank A that the planned CEMP 2009-1 Offering would not close. The twenty-five (25) PL-CMOs were returned to the Geary Securities accounts of McKean, Customer D and Bank A on September 15, 2009.

76. On or about September 15, 2009, Geary solicited Bank C to purchase any or all of the CEMP Class A-1 Notes at a price of 98. Although the securities had not yet been rated by a rating agency, Geary represented the notes to be "AAA" rated and beyond regulatory scrutiny. Bank C was not interested in purchasing the securities.

77. As of the end of the day on September 22, 2009, there was no buyer for the CEMP Class A-1 Notes or the CEMP Class A-2 Notes. As more fully described below, Geary resorted to manipulative and dishonest tactics to induce the purchase of the CEMP Class A-1 and Class A-2 Notes.

A. CEMP Class A-1 Notes

78. Just after noon on September 23, 2009, Geary advised his team that Bank C "prefer[ed]" not to purchase the Class A-1 Notes and that "this afternoon, I'm finding a Buyer for them and still would like to Close tomorrow the 24th."

79. At about the same time, Geary communicated via a chain of emails with a representative of Mesirow Financial (Mesirow) as to whether that firm had an interest in the CEMP Class A-1 Notes. After providing the information on the final structure and making repeated requests for an indication of interest from Mesirow, Geary asked the Mesirow representative to "guess" as to an acceptable pricing level for the CEMP Class A-1 Notes. The email chain, in pertinent part, follows:

Geary: *"So, Mesirow [sic] (you) have any Interest in CEMP 09-1 A! [sic]?"*

Mesirow: *"We are looking and analyzing"*

Geary: *"and how long does that take for something 100% escrowed in Treas by the A2?"*

Mesirow: *"funny, showing it out to few acct internal, will be back"*

Geary: *"gimme a guess as to your Level"*

Mesirow: *"honestly dontknow [sic], below 100 for sure"*

80. Early on the morning of September 24, 2009, Geary provided Mesirow with another opportunity to purchase the CEMP Class A-1 Notes. Again, Geary's efforts were unsuccessful as Mesirow did not submit an offer to purchase the notes.

81. Geary used the Mesirow September 23rd communication described in paragraph 79 above, to attempt to induce Bank C to purchase the CEMP Class A-1 Notes by falsely representing that there was a dealer interested in the notes at a price in excess of 98. Specifically, Geary advised Bank C as follows: "There is a Dealer interested in the A1's above 98. Just need an A2 Buyer (to hold them for <3 Months)."

82. At mid-day on September 24, 2009, Geary advised his team that Bank C was the buyer of the Class A-1 Notes and Customer E, an individual and the principal shareholder of Bank C, was the buyer of the CEMP Class A-2 Notes. A trade was entered through Geary Securities for the purchase by Bank C of the CEMP Class A-1 Notes in the principal amount of \$20,000,000 for settlement on September 28, 2009. That trade was later canceled.

83. Geary eventually advised Bank C that he did not have a buyer for the CEMP Class A-1 Notes or the CEMP Class A-2 Notes, and that the bank would not be paid for the sale of its PL-CMOs unless the bank purchased the CEMP Class A-1 Notes.

84. On September 25, 2009, Bank C purchased the CEMP Class A-1 Notes in the principal amount of \$20,000,000 at a price of 98 for settlement on September 28, 2009. Bank C consented to the trade based on Geary's representations that the bank would have to hold the CEMP Class A-1 Notes for only a few days and that the notes would then be sold at a profit for Bank C.

B. CEMP Class A-2 Notes

85. Geary convinced Customer E to purchase the CEMP Class A-2 Notes at a price of 65. Geary promoted the purchase as a way for Customer E to assist Bank C in divesting itself of the six PL-CMOs under regulatory scrutiny. Geary also represented to Customer E that he, Customer E, would be out of the CEMP investment by calendar year end with a profit. Geary advised Customer E that the notes would be sold at a price of 75.

86. Geary provided Customer E with a written "Guaranty Agreement" dated September 25, 2009, by which he personally guaranteed that the CEMP Class A-2 Notes would

be sold on behalf of Customer E within ninety (90) days and agreed to fully and promptly pay Customer E approximately \$12,800,000 in connection with said notes if the securities were not sold within ninety (90) days.

87. On September 24, 2009, a trade was entered through Geary Securities on behalf of Customer E for the purchase of the CEMP Class A-2 Notes in the principal amount of \$12,824,811 for settlement on September 28, 2009.

C. Closing of the CEMP Offering

88. On September 28, 2009, DBRS assigned a rating of "AAA" to the CEMP Class A-1 Notes but only with respect to the ultimate payment of principal. The "AAA" rating by DBRS did not apply to the payment of interest.

89. On September 28, 2009, Geary received the final offering document, with exhibits, for distribution to the purchasers of the CEMP Class A-1 Notes and the CEMP Class A-2 Notes.

90. The CEMP 2009-1 Offering closed on September 28, 2009. The offering was made up of the three PL-CMOs purchased from Bank B and the six PL-CMOs purchased from Bank C, totaling \$26,238,500 in original face values.

91. Geary intended to close the CEMP 2009-1 Offering by effecting a net settlement with Bank C, that is, Bank C would only pay the difference between the price of the CEMP Class A-1 Notes and the amount of the proceeds due from the bank's sale of the six PL-CMOs. However, the clearing firm for Geary Securities did not permit a net settlement.

92. In order for CEMP LLC to have the necessary cash flow to pay Bank B and Bank C for their PL-CMOs, the funds for the purchase of the CEMP Class A-1 Notes by Bank C and the CEMP Class A-2 Notes by Customer E were wired to and received by CEMP LLC before the sales proceeds for the PL-CMOs were wired by CEMP LLC to Bank B and Bank C. Bank B and Bank C received their sales proceeds on September 30, 2009.

93. Geary Securities first distributed written disclosures about the CEMP 2009-1 Offering to Bank C and Customer E on September 29, 2009 – after the trade dates of the CEMP notes and after the closing of the CEMP 2009-1 Offering. The private placement memorandum dated September 28, 2009, disclosed, *inter alia*, that the Class A-1 Notes were "AAA" rated *as to principal payment only* and that the "AAA" rating did not address payment of interest (emphasis added).

94. 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. Bank C still holds the CEMP Class A-1 Notes and Customer E still holds the CEMP Class A-2 Notes.

VI. Net Capital Deficiencies

95. At all times material hereto, the minimum net capital requirement for Geary Securities was \$250,000.

96. The purchases by Geary Securities of the PL-CMOs in the First Frontier Pool of PL-CMOs caused the firm's net capital to fall below \$250,000. As of May 31, 2009, the net capital for Geary Securities was deficient by tens of millions of dollars.

97. The firm's net capital deficiency was concealed because the PL-CMOs purchased from Frontier did not receive proper accounting treatment on the firm's FOCUS report as of May 31, 2009. The records of Geary Securities reflected the PL-CMOs as a liability in the amount of \$79,385,481.42. While the firm did not include the PL-CMOs as a liability for purposes of the FOCUS report, Geary Securities did include the accrued interest on such securities, in the amount of \$498,007.28, as an asset on the FOCUS report.

98. By failing to disclose its actual position in the PL-CMOs on the FOCUS report as of May 31, 2009, Geary Securities, through Respondent Frager, overstated its net capital position and created the false appearance of its compliance with net capital requirements, thereby enabling the firm to continue to effect securities transactions in ostensible compliance with the net capital rule.

99. The subsequent transfer of the PL-CMOs to McKean and Customer D was not anticipated prior to the sale of the PL-CMOs by Frontier to Geary Securities; however, such transfer became critical to bringing Geary Securities into compliance with the firm's net capital requirements.

100. In addition to the firm's net capital deficiencies in May of 2009, Geary Securities was not in compliance with its minimum net capital requirement at other times during the months that followed. For example, from January 31, 2010 through February 24, 2010, the net capital of Geary Securities fell below the minimum net capital requirement. Yet, Geary Securities continued its operations with the knowledge that the firm was not adequately capitalized.

VII. Geary's Pattern of Deceptive Conduct

A. Excessive Mark-up

101. On Saturday, May 30, 2009, McKean sent an email to approximately twenty (20) other persons including, but not limited to, Geary. In the email, McKean commented on the state of the PL-CMO market and stated his intention to buy a certain Banc of America PL-CMO, different from the Banc of America PL-CMO referenced in paragraphs 28 and 50 above, and unrelated to the CEMP 2009-1 Offering (the "BOAMS"). Specifically, McKean stated, *inter alia*:

Attached is a Security (BOAMS 2007-3 1A2) originally issued by Banc of America in 2007. Various Bloomberg Screens are attached for your review. The seller is asking 44. I declined. Late yesterday the seller offered to sell at 40. I have decided to buy at 40.

\$13,748,585 current par value (face value) is available. The purchase price will be 40% of this amount. I hav (sic) told Capital West we will purchase all of this security. I will purchase \$10,000,000 of the Face Value for a Market Price of \$4,000,000. That leaves \$3,748,585 available for other investors to buy at 40% of the face value. This is offered on a first come basis. It will settle on Wednesday, June 3rd. IF there are not enough buyers for the remaining amount, then I will purchase it. . . .

102. Later on May 30th, Geary forwarded McKean's email to Frager and told Frager that the security referred to by McKean "was Bought (sic) at the end of the day Friday at 37. Tickets will be written Monday morn (sic) with [McKean] taking \$10 Mill and his friends \$3.749 Mill at 40. A nice \$412,440 start for June's Net Income."

103. On Sunday, May 31, 2009, McKean informed Geary Securities, and Keith Geary personally, that: Customer D would buy \$5,000,000 face value of the BOAMS at 40, McKean would buy \$5,000,000 face value of the BOAMS at 40, and "McKean will also buy any of the remainder of these CMO (sic) which is not purchased by others before the deadline."

104. On Monday, June 1, 2009, Geary Securities purchased the BOAMS at a price of 37.

105. On June 1, 2009, Geary Securities, acting in a principal capacity, sold the BOAMS to nine customer accounts, including, but not limited to, the accounts of McKean and Customer D, at a price of 40, for a markup of 8.1 percent.

106. The trade confirmations for sale of the BOAMS to the nine customer accounts did not disclose the 8.1 percent mark-up charged by Geary Securities.

B. Geary's Advice to Mislead Banking Regulators

107. On June 30, 2009, Geary advised Bank A that the bank could include an explanation of the results of the "sale" of its PL-CMOs in the bank's June 30th call report to regulators. This advice was based on Geary's stated assumption that Bank A would accept the previous bids of Geary Securities to purchase the bank's PL-CMOs on July 20th for inclusion in the CEMP 2009-1 Offering scheduled to close on July 21st – an offer to purchase that Geary Securities and Geary eventually made but subsequently failed to honor.

C. False Press Release

108. On or about July 29, 2009, a press release was issued on Capital West Securities, Inc. letterhead announcing the creation of CEMP LLC. The press release falsely stated in pertinent part as follows:

The first re-mic security *was* CEMP 09-1, which was comprised of 28 different [mortgage-backed securities] from six difference sources that totaled \$203 million original face with \$164 million current face.” (Emphasis added.)

109. Although a rating had not yet been assigned, the press release referenced a rating of “AAA” for the majority of the newly created security.

D. CEMP 2009-2 Offering

110. On September 24, 2009, McKean advised Geary that Bank A received an FDIC PCA letter requiring Bank A to reduce the bank’s PL-CMO portfolio. Interests in twelve (12) of the PL-CMOs owned by Bank A were purchased personally by McKean and another Bank A director through Geary Securities.

111. In response, Geary began promoting a second CEMP offering to be collateralized by the PL-CMOs owned by McKean and the other Bank A director. In doing so, Geary falsely told McKean that he had completed a “smaller” CEMP 2009-1 offering with “AAA” rated Class A-1 securities that were sold to the street at par.

112. In making his offer to McKean, Geary referenced Bank C by name and explained the details surrounding Bank C’s sale of its PL-CMOs and Bank C’s and Customer E’s subsequent purchase of the Class A-1 Notes and Class A-2 Notes, respectively.

113. During the latter part of 2009 and early in 2010, Geary repeated his pattern of deceptive and unethical conduct in an attempt to complete a second CEMP offering (the “Second CEMP Offering”) involving the purchase of PL-CMOs from McKean, the other Bank A director, Customer D, Bank B, and Bank C, and the CEMP Class A-1 Notes and CEMP Class A-2 Notes from Bank C and Customer E, respectively.

114. In December 2009, Geary, through Geary Securities, entered into a transaction to purchase a PL-CMO from Mesirow for purposes of resecuritizing it in connection with the Second CEMP Offering.

115. When Geary agreed to a purchase price and settlement date for the purchase of the PL-CMO from Mesirow, Geary knew that neither Geary Securities nor CEMP LLC had the funds to pay for the PL-CMO; however, Geary’s plan was apparently to finagle the closing of the Second CEMP Offering like he unsuccessfully tried to finagle the closing of the CEMP 09-1 Offering by effecting a net settlement, that is, to use the proceeds from the sale of the interests in the Second CEMP Offering to purchase the underlying securities to collateralize the offering.

116. On the settlement date agreed to by Geary Securities and Mesirow, Geary Securities did not accept delivery of the PL-CMO for settlement because it could not pay for the security.

117. Based on Geary's representations that he had a buyer for the bond, Mesirow extended settlement at least three times.

118. On January 20, 2010, when Geary Securities was still unable to settle the purchase from Mesirow because the Class A-1 notes in the Second CEMP Offering had not been sold, Geary tried to persuade Mesirow to purchase the Second CEMP Offering notes. Geary suggested a net settlement with Mesirow in which Mesirow would only pay the difference between the price of the Class A-1 notes and the PL-CMO to be sold to Geary Securities and/or CEMP LLC. Geary knew, however, that the proposed net settlement had failed during the closing of the CEMP 09-01 Offering.

119. Mesirow did not agree to purchase the Class A-1 notes in the Second CEMP Offering, and the Second CEMP Offering never closed. The transaction to purchase the PL-CMO from Mesirow, as part of the Second CEMP Offering, never settled.

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 1-401 of the Act provides in pertinent part as follows:
 - A. It is unlawful for a person to transact business in this state as a broker-dealer, unless the person is registered under this act as a broker-dealer or is exempt from registration as a broker-dealer under subsection B or D of this section.
2. Section 1-402 of the Act provides in pertinent part as follows:
 - A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

* * *

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section or exempt from registration under subsection B of this section.

3. Section 1-501 of the Act provides as follows:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

1. To employ a device, scheme, or artifice to defraud;
2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

4. Rule 660:11-5-17 of the Rules provides as follows:

(a) General requirement. All broker-dealers registered under the Securities Act shall at all times have and maintain net capital of no less than the highest minimum requirement applicable to each broker-dealer as established by the SEC in 17 CFR 240.15c3-1.

(b) Calculation of "net capital." As used in this subchapter, net capital shall mean the net worth of a broker-dealer calculated according to the formula established by the SEC.

5. Rule 660:11-5-42 of the Rules provides in pertinent part as follows:

(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.

(2) In recommending to a customer the purchase, sale or exchange of any security, the broker-dealer and his agents shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs. Prior to making a recommendation to a customer a broker-dealer shall also make reasonable efforts to obtain information concerning the customer's financial background, tax status, and investment objectives, and such other information used or considered to be reasonable and necessary by such broker-dealer or registered agent in making such recommendation.

* * *

(6) No broker-dealer or agent of a broker-dealer shall make an offer to buy from or sell to any person any security at a stated price unless such broker-dealer or agent is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell.

* * *

(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.

* * *

(E) No broker-dealer or agent of a broker-dealer shall guarantee a customer against loss in any securities account of such customer carried by the broker-dealer or in any securities transaction effected by the broker-dealer or agent with or for such customer.

* * *

Conclusions of Law

1. In connection with the offer and/or sale of securities, Respondents Geary Securities and Geary, directly and/or indirectly, made untrue statements of material fact including, but not limited to, the following, in violation of Section 1-501 of the Act:

(a) The sell transactions for the PL-CMOs owned by McKean, Customer D, Bank A, Bank B and Bank C and bid on by Geary Securities would settle on July 30, 2009.

(b) If Bank C purchased the CEMP Class A-1 Notes, it would have to hold them for only a few days and could then sell them at a profit.

(c) If Customer E purchased the CEMP Class A-2 Notes, he would be able to sell them by the end of the calendar year at a price of 75.

2. In connection with the offer and sale of securities, Respondents Geary Securities and Geary, directly and/or indirectly, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under they were made, not misleading, in violation of Section 1-501 of the Act. The material omissions include, but are not limited to, the following:

(a) Up until the time that Bank C and Customer E agreed to purchase the CEMP Class A-1 and A-2 notes, respectively, Geary had not found a purchaser for the Class A-1 or A-2 notes and neither Geary Securities nor CEMP LLC had the means to purchase the PL-CMOs from Bank C or Bank B.

(b) The BOAMS sold by Geary Securities to nine customer accounts on June 1, 2009, was sold at a price that was 8.1 percent higher than the price Geary Securities paid to purchase the BOAMS.

(c) The Class A-1 Notes were not "AAA" rated as to payment of interest.

3. Geary Securities failed to maintain net capital of no less than \$250,000, the highest minimum requirement applicable to it as established by the U.S. Securities and Exchange Commission in 17 CFR 240.15c3-1, during the time periods May 28, 2009 through June 1, 2009 and January 31, 2010 through February 24, 2010, in violation of Rule 660:11-5-17.

4. Respondents Geary Securities, Geary and Frager have engaged in unethical practices in the securities business in violation of Rule 660:11-5-42 as follows:

(a) Geary Securities, Geary, and Frager failed to observe high standards of commercial honor and just and equitable principles in the conduct of their business.

(b) Geary Securities and Geary recommended to Customer D the purchase of PL-CMOs without having reasonable grounds for believing that the recommendation was suitable for such customer.

(c) Geary Securities, by and through Geary, made offers to buy securities from McKean, Customer D, Bank A, Bank B, Bank C and Mesirow, at stated prices and on stated dates, but Geary Securities was not prepared to purchase at such prices and under such conditions as were stated at the time of such offers to buy, and in some cases failed to honor the bids.

(d) Geary Securities and Geary induced the purchase of the CEMP Class A-1 and A-2 Notes by Bank C and Customer E, respectively, by means of a manipulative, deceptive or otherwise fraudulent device, practice, plan, program, design, or contrivance.

(e) Geary and Geary Securities guaranteed Bank C and Customer E against loss in securities transactions effected by Geary Securities for Bank C and Customer E.

(f) Geary Securities and Geary sold the BOAMS to nine customer accounts with an excessive mark-up and without disclosing the excessive mark-up to the purchasers.

(g) Geary Securities and Geary caused a press release containing materially false information to be issued on or about July 29, 2009.

(h) Geary Securities, Geary, and Frager concealed Geary Securities' net capital deficiency by not disclosing the firm's position in the PL-CMOs on the firm's FOCUS report as of May 31, 2009.

(i) Geary Securities failed to cease its operations when its net capital fell below the minimum net capital requirement in May 2009 and February 2010.

(j) Geary Securities and Geary failed to respect the privacy of a customer.

5. CEMP LLC transacted business in this state as a broker-dealer without benefit of registration under the Act, in violation of Section 1-401 of the Act.

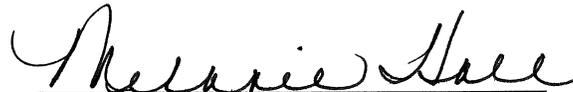
6. CEMP LLC employed or associated with an unregistered agent(s) who transacted business in this state on its behalf, in violation of Section 1-402 of the Act.

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 imposing a censure and a civil penalty in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) against Geary Securities; barring Respondents Geary and Frager from being registered in any capacity under the Act or any successor to the Act; ordering CEMP LLC to cease and desist the offer and/or sale of any security in violation of the Act; and imposing such other sanctions as deemed appropriate and authorized by law.

Dated this 22nd day of September, 2010.

Respectfully submitted,

A handwritten signature in cursive script that reads "Melanie Hall". The signature is written in black ink and is positioned above the typed name.

Melanie Hall
Director of Enforcement
Terra Shamas Bonnell
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700
Facsimile: (405) 280-7742