

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



In the Matter of:

Richard Craig Hammill
(CRD No. 1596644),

Respondent.

ODS File No. 06-082

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.

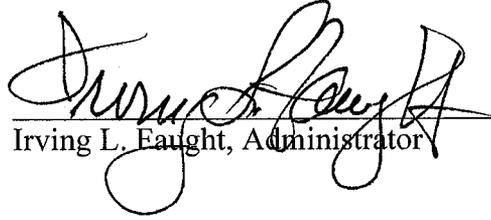
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 2nd day of July, 2007, by certified mail, return receipt requested, to the last known address of Respondent, in compliance with Section 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.

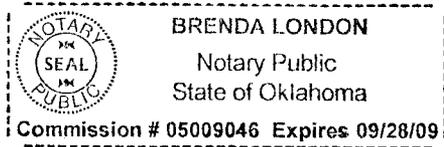
Dated this 30 day of June, 2007.

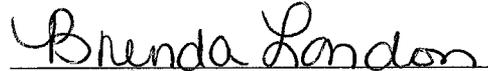
(SEAL)


Irving L. Faught, Administrator

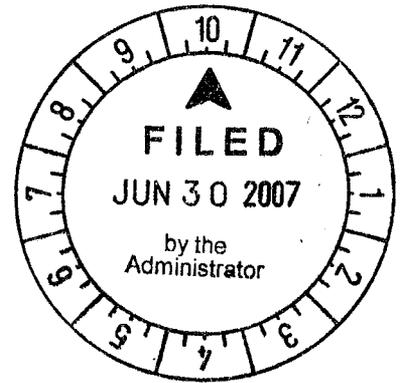
Subscribed and sworn to before me this 2nd day of ~~June~~^{July}, 2007.

(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:

Richard Craig Hammill
(CRD No. 1596644),

Respondent.

ODS File No. 06-082

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 the Oklahoma Securities Act ("Predecessor Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Richard Craig Hammill ("Respondent") in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.
2. On the 25th day of June, 2007, the attached Enforcement Division Recommendation ("Recommendation") was left in the office of the Administrator.
3. The Administrator hereby gives notice to Respondents of their 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. Failure to request a hearing as provided for herein shall result in the issuance of an order barring Respondent from association with a broker-dealer or investment adviser subject to the Act and imposing a civil penalty against Respondent in the amount of Fifteen Thousand Dollars (\$15,000.00).
5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as adopted July 1, 2004) ("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.

Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30 day of June, 2007.

(SEAL)



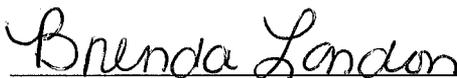
IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 2nd day of ~~June~~^{July}, 2007, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, with postage prepaid thereon, addressed to:

Richard C. Hammill
1532 Northwest 179th Terrace
Edmond, OK 73003

Tom M. Cummings
Attorney at Law
701 Northwest 13th Street
Oklahoma City, OK 73103



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:

Richard Craig Hammill
(CRD No. 1596644),

Respondent.

ODS File No. 06-082

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 the Oklahoma Securities Act ("Predecessor Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), the Enforcement Division of the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Richard Craig Hammill ("Respondent") in connection with the offer and/or sale of securities in and/or from the state of Oklahoma. Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department ("Administrator") in support of sanctions against Respondent.

Findings of Fact

1. Respondent was registered in this state as an investment company and variable contracts products agent, a category of broker-dealer agents, of MONY Securities Corporation ("MONY") from June 14, 1989 until May 18, 1999, and an investment company and variable contracts products agent of Signator Investors, Inc. ("Signator") from June 11, 1999 until March 3, 2004. At all times material hereto, Respondent was registered with the NASD as a limited representative for investment company and variable contracts products. At no time material hereto has Respondent been registered in this state as an issuer agent or a general securities agent, a category of broker-dealer agents. Respondent has not been registered as a broker-dealer agent in this state since March 2004. Respondent is currently self-employed as a consultant to businesses on employee health benefits.

2. At all times material hereto, Respondent held the Series 6 and 63 licenses. Respondent did not hold any other securities licenses.

3. At all times material hereto, Respondent resided in the state of Oklahoma.

4. In or around 1998, Respondent separately offered four (4) Oklahoma residents, JS, CM, MP, and MVM (collectively referred to as "Investors"), the opportunity to earn

investment income by providing Henry T. Pham, or a business entity under his control ("Pham"), with a monetary loan in exchange for a promissory note obligating Pham to repay the principal amount of the loan plus a stated rate of interest at a fixed time ("Note").

5. At or around the time the Notes were offered to them, the Investors, or their relatives, were brokerage clients of Respondent.

6. In connection with the offer to sell the Notes, Respondent, directly or indirectly, represented to at least three of the Investors that he had entered, or was going to enter into a transaction with Pham on the same, or similar, terms as those contained in the Notes offered to the Investors.

7. JS, CM, MP, and MVM each accepted Respondent's offer and paid funds, totaling over \$400,000, to Pham in exchange for Notes. Respondent coordinated the sales transactions by, among other things, providing Investors with promissory note check lists and payment information. In at least one instance, Respondent went to a bank with both Pham and an Investor to arrange the Investor's payment.

8. The proceeds from the sale of the Notes were to be used by Pham for the general financing of a business, or businesses, under his control.

9. The Investors knew very little, if anything, about Pham or Pham's financial status at the time they purchased the Notes. The Investors purchased the Notes primarily in reliance on their trust in Respondent.

10. Contrary to his representations to Investors, Respondent never purchased a Note or entered into a loan transaction with Pham.

11. Certain Investors purchased new Notes each time their prior Note matured. In some instances, Respondent participated in arranging the purchase of the new Note.

12. At least one Investor was the beneficiary of a life insurance policy under which Pham was insured ("Insurance Policy"). Respondent was the "Broker" who sold the Insurance Policy and received commissions for the sale.

13. Pham filed for Chapter 7 bankruptcy in the United States Bankruptcy Court, Western District of Oklahoma, in October 2005 and listed the Investors in his "Schedule F" as creditors holding unsecured nonpriority claims. Pham was granted a discharge on September 26, 2006.

14. To date, Pham has not fully paid any of the Investors the principal or interest owed to them.

15. At least one Investor has not pursued his legal rights against Pham because Respondent represented to him that Pham did not have significant, if any, assets.

16. The Notes were not products of an investment company or variable contracts. The Notes are "general securities" for purposes of categories of broker-dealer agent registration.

Prior Regulatory Action against Respondent

17. In September 2001, NASD Regulation, Inc., accepted a *Letter of Acceptance, Waiver and Consent* ("AWC") from Respondent. Pursuant to the AWC, Respondent was fined \$5,000 and suspended from association with any NASD member in any capacity for ten (10) business days for effecting transfers between two mutual funds in the same fund family and between sub-accounts within a variable annuity for the accounts of two public customers without the prior knowledge or authorization of such customers, in violation of NASD Rule 2110. The violations occurred in 1998 while Respondent was associated with MONY.

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 1-701(A) of the Act provides:

The predecessor act exclusively governs all actions or proceedings that are pending on the effective date of this act or may be instituted on the basis of conduct occurring before the effective date of this act, but a civil action may not be maintained to enforce any liability under the predecessor act unless instituted within any period of limitation that applied when the cause of action accrued or within five (5) years after the effective date of this act, whichever is earlier.

2. Section 2 of the Predecessor Act provides in pertinent part:

(d) "Agent" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

* * *

- (v) "Security" means any:

(1) note;

* * *

(11) investment contract;

* * *

(15) investment of money or money's worth including goods furnished and/or services performed in the risk capital of a venture with the expectation of some benefit to the investor where the investor has no direct control over the investment or policy decision of the venture[.]

3. Section 101 of the Predecessor Act provides:

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

- (1) to employ any device, scheme, or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, [or]
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

4. Section 201 of the Predecessor Act provides in pertinent part:

(a)(1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is so registered under this act or unless the person is exempt from registration as provided in paragraph (2) or (3) of this subsection.

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

(b) **Principals and agents.** The Department shall register principals and agents of broker-dealers in accordance with the following categories of registration as applicable:

(1) General Securities principal or agent – an applicant representing a broker-dealer whose activities in the securities business are not limited.

* * *

(2) Investment company and variable contracts products principal or agent – an applicant representing a broker-dealer whose activities in the securities business are limited to the solicitation, purchase and/or sale of investment company and variable contracts products.

* * *

(7) Issuer agent – an applicant whose activities in the securities business are limited solely to effecting transactions for the benefit of an issuer as that term is defined in Section 2(k) of the Securities Act.

(8) Multiple categories – an applicant may be registered in more than one category provided he is qualified to be so registered. An applicant qualified solely within one category of registration shall not be qualified to transact business as an agent in any area not prescribed by said category.

6. Rule 660:10-5-16 of the Predecessor Rules provides in pertinent part:

(a) **Examination requirement.** A written examination shall be taken by each applicant for registration as a broker-dealer agent, broker-dealer principal or issuer agent. Proof of compliance with the written examination requirements of this rule is prerequisite to a complete filing for registration in this state. Written examinations shall consist of a qualification examination(s) applicable to the category of registration applied for and a uniform state law examination. Examinations administered by the NASDR are adopted, as applicable to each individual registrant by category of registration, as the required written examination for general securities law.

(b) **Limitations on licenses.** Regardless of an association with an NASD member, each applicant for registration as a principal or agent must prove successful completion of the examinations required by this rule based upon the category of registration applied for in the state of Oklahoma.

(c) **Examination categories.** Examination categories are as follows:

(1) General securities or government securities – NASD members:

* * *

(B) Agents--Series 7 and 63 or 66

(2) General securities – Non-NASD Members/Issuers:

* * *

(B) Agents--Series 7 and 63 or 66[.]

7. Subsection (b) of 660:10-5-42 of the 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.

8. Section 204 of the Predecessor Act provides in pertinent part:

(a) The Administrator may issue a final order denying effectiveness to, or suspending or revoking the effectiveness of, any registration, or condition or limit registration of an applicant or registrant, or impose any sanction authorized by Section 406 of this title if the Administrator finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

* * *

(2) has willfully violated or willfully failed to comply with any provision of the Oklahoma Securities Act or a predecessor act or any rule or order under this act or a predecessor act[.]

9. Section 405 of the Predecessor Act provides in pertinent part:

(a) The Administrator in his or her discretion:

(1) may make such public or private investigations within or outside of this state as he deems necessary to determine whether any person has violated or is about to violate any provision of this act or any rule or order hereunder, or to aid in the enforcement of this act or in the prescribing of rules and forms hereunder; and

(2) may require or permit any person to file a statement in writing, under oath or otherwise as the Administrator determines, as to all the facts and circumstances concerning the matter to be investigated.

10. Section 406 of the Predecessor Act provides in pertinent part:

(a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except upon the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

* * *

(3) bar or suspend the person from association with a broker-dealer or investment adviser subject to the provisions of the Oklahoma Securities Act;

* * *

(5) issue an order against a person who willfully violates the Oklahoma Securities Act or a rule or order of the Administrator under the Oklahoma Securities Act, imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings.

Conclusions of Law

1. The Notes are securities as defined by Section 2 of the Predecessor Act.
2. Respondent transacted business in this state as an unregistered general securities agent and/or an unregistered issuer agent, in violation of Section 201 of the Predecessor Act and contrary to the provisions of 660:10-5-15 and 660:10-5-16 of the Predecessor Rules.
3. Respondent, directly or indirectly, made untrue statements of material fact in connection with the offer and/or sale of the Notes in and/or from the state of Oklahoma, in violation of Section 101 of the Predecessor Act.
4. Respondent failed to observe high standards of commercial honor and just and equitable principles of trade in connection with the offer and/or sale of the Notes in and/or from the state of Oklahoma, in violation of 660:10-5-42 of the Predecessor Rules.
5. The Administrator of the Department is authorized to bar Respondent from association with a broker-dealer or investment adviser subject to the Act and to impose a civil penalty against Respondent.

6. It is in the public interest to bar Respondent from association with a broker-dealer or investment adviser subject to the Act and to impose a civil penalty against Respondent.

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: (1) bar Respondent from association with a broker-dealer or investment adviser subject to the Act; (2) impose a civil penalty against Respondent in the amount of Fifteen Thousand Dollars (\$15,000.00); and (3) impose any other sanctions as deemed appropriate and as authorized by law.

Dated this 25th day of June, 2007.

Respectfully submitted,



Terra Shamas Bonnell, OBA #20838
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
Telephone: 405.280.7700
Facsimile: 405.280.7742