

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



In the Matter of:

Rodney Larry Watkins, Jr. (CRD #3091936);  
Southeast Investments, N.C. Inc. (CRD #43035); and  
Frank H. Black (CRD #22451);

Respondents.

ODS File No. 12-058

**NOTICE OF REQUEST FOR HEARING BY  
SOUTHEAST INVESTMENTS, N.C. INC. AND FRANK H. BLACK**

In reply to your **NOTICE OF OPPORTUNITY FOR HEARING** dated March 29<sup>th</sup> 2013 and received by Respondents, Frank H. Black and Southeast Investments, N.C. Inc. on the 3<sup>rd</sup> day of April, 2013, Respondents request a hearing to show why an order based on the Recommendation should not be issued.

In reply to **ENFORCEMENT DIVISION RECOMMENDATION**, Respondents Frank Black and Southeast Investments, N.C. Inc. answer as follows:

1-Watkins is a resident of Tulsa, Oklahoma.

Admitted

2-Watkins first registered as a broker-dealer agent under the Oklahoma securities laws in December 1998. Watkins was registered as a broker-dealer agent and an investment adviser representative of Ameriprise Financial Services, Inc (AFS) from March 2009 to October 2011. Watkins was allowed to resign as a result of an internal AFS investigation.

Admitted

3-Watkins is currently associated with Southeast and filed for broker-dealer agent under the Act on February 24, 2012. Watkins' registration under the Act is pending.

Admitted

4-Watkins is registered as a broker-dealer agent of Southeast in the states of California, Kansas and Texas.

Admitted that Rodney Watkins was registered as a broker-dealer agent of Southeast Investments in California on 2/27/2012 after registration and approval by FINRA on 2/27/2012.

Admitted that Rodney Watkins was registered as a broker-dealer agent of Southeast Investments in Kansas on 2/28/2012 after registration and approval by FINRA on 2/27/2012.

Admitted that Rodney Watkins was registered as a broker-dealer agent of Southeast Investments in Texas on 3/08/2012 after registration and approval by FINRA on 2/27/2012.

5-Watkins' office and primary place of business is located at 46 E. 16<sup>th</sup> Street, Tulsa, Oklahoma (Primary Place of Business).

Respondents admit Watkins has an office at this location from which he conducts his primary business of insurance sales and from which he plans to conduct securities business once properly registered with Oklahoma. In addition to the Tulsa location, Mr. Watkins conducts business from a second office (SECONDARY OFFICE) at 9801 Royal Lane, Dallas, Texas which is his primary office for securities business conducted in California, Texas and Kansas.

6-Southeast is and has been at all times material hereto, a broker-dealer registered under the Act. Southeast's main office is designated as Watkins' office of supervisory jurisdiction (OSJ) and is located at 820 Tyvola Road, Suite 104, Charlotte, NC.

Admitted

7-Black, a South Carolina resident, is the owner and control person of Southeast. Black is the chief compliance officer of Southeast and a FINRA registered general principal. Black has not been registered under the Act in any capacity.

Admitted

8-On March 29, 2012, the Enforcement Division of the Department filed an *Enforcement Division Recommendation* (Recommendation) to bar Watkins from association with a broker-dealer or investment adviser in any capacity based on Watkins engaging in unethical practices in violation of 660:11-5-42 of the Rules.

Admitted a recommendation was made but an Order was not issued at that time.

9-On August 22, 2012, Watkins voluntarily entered into an agreement (Agreement) with the Department. The Agreement provided for the issuance of an agreed order (Order) and stated that if Watkins "made any false or misleading statements to the Department in connection with the matter, the Department may initiate an action (.)"

Admitted that the Agreement states this; denied that Watkins violated the Agreement. Neither Frank Black nor Southeast were parties to the Agreement.

10-On August 29, 2012, the Administrator signed the Agreement and issued an Order. The Order included the following provisions:

IT IS FURTHER ORDERED that Respondent (Watkins) shall not offer and/or sell any security as defined by Section 1-102 of the Act in and/or from the state of Oklahoma for a period of nine months. Such period shall retroactively begin on November 25, 2011, and end on August 26, 2012. This bar would apply to the transaction of business on or before August 26, 2012, in or from the state as a broker-dealer, broker-dealer agent, issuer agent, investment adviser, and/or investment adviser representative, as such terms are defined in Section 1-102 of the Act.

IT IS FURTHER ORDERED that Respondent (Watkins) shall at all times comply with all provisions of the Act and Rules, and successors of the Act and Rules, in connection with offers and/or sales of securities in and/or from the state of Oklahoma.

Admitted

11-On May 11, 2012, while unregistered under the Act, Watkins solicited and/or effected, through his Primary Place of Business, the purchase of 1450.512 shares of Transamerica Asset Allc Growth C (IAALX) BY Texas customer, Alprin, and received \$170.00 in commission.

Respondents admit Watkins solicited and/or effected, the purchase of 1450.512 shares of Transamerica Asset Allc Growth C (IAALX) BY Texas customer, Alprin, and received \$170.00 in commission.

Respondents deny this transaction was solicited and/or effected through the Oklahoma office. This transaction was solicited and/or effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

12- On June 8, 2012, while unregistered under the Act, Watkins effected, through his Primary Place of Business, the sale of 30,000 shares (sic) of General Electric Cap Corp 4.375% due 9/16/2020 by Texas customer, Walker, and received \$375.00 in commission.

Respondents admit Watkins effected the sale of \$30,000 face amount of General Electric Cap Corp 4.375% Bonds due 9/16/2020 by Texas customer, Walker, and received \$375.00 in commission.

Respondents deny this transaction was effected through the Oklahoma office. This transaction was effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

13- On June 19, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the sale of 16,000 shares (sic) of Bank of America Corp Note

4.75% due 9/15/2019 Corporate Bond and 32,000 shares (sic) of Goldman Sachs Grp. 4.75% due 5/15/2022 Corporate Bond by Texas customer, Walker, and received \$600.00 in commission.

Respondents admit Watkins solicited and effected the sale of \$6,000 face amount of Bank of America Corp Note 4.75% Corporate Bonds due 9/15/2019 and \$32,000 face amount of Goldman Sachs Grp. 4.75% Corporate Bonds due 5/15/2022 by Texas customer, Walker, and received \$600.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

14- On June 19, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of 442.87 of Pimco Total Return C (PTTCX) by Texas customer, Reed, and received \$50.00 in commission.

Respondents admit Watkins solicited and effected the purchase of 442.87 of Pimco Total Return C (PTTCX) by Texas customer, Reed, and received \$50.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

15- On June 20, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of 45,000 shares (sic) of Morgan Stanley 5.50% due 7/28/2021 Corporate Bond by Texas customer, Walker, and received \$562.50 in commission.

Respondents admit Watkins solicited and effected the purchase of \$45,000 face amount of Morgan Stanley 5.50% Corporate Bonds due 7/28/2021 by Texas customer, Walker, and received \$562.50 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

16- On July 17, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the sale of 1743.281 shares of Columbia Portfolio Bldr Mod Agrsv C (AGECX) by Texas customer, Lewis, and received \$150.00 in commission.

Respondents admit Watkins solicited and effected the purchase of the sale of 1743.281 shares of Columbia Portfolio Bldr Mod Agrsv C (AGECX) by Texas customer, Lewis, and received \$150.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

17- On July 23, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the sale of 5000 shares (sic) of Federal Home Ln Mtg Corp 4.40% due 3/15/2029 Corporate Bond by Kansas customer, Payne, and received \$100.00 in commission.

Respondents admit Watkins solicited and effected the sale of \$5000 face amount of Federal Home Ln Mtg Corp 4.40% Corporate Bonds due 3/15/2029 by Kansas customer, Payne, and received \$100.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

18- On July 23, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of 1528.014 shares of Transamerica Asset Allc Mod Gr C (IMLLX) by Texas customer, Lewis, and received \$180.00 in commission.

Respondents admit Watkins solicited and effected the purchase of 1528.014 shares of Transamerica Asset Allc Mod Gr C (IMLLX) by Texas customer, Lewis, and received \$180.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

19- On July 26, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of a CNL REIT by Texas customer, Walker, and received \$2,050.65 in commission.

Respondents admit Watkins solicited and effected the purchase of a CNL REIT by Texas customer, Walker, and received \$2,050.65 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

20- On August 6, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of 1522.843 shares of Transamerica Asset Allc Growth C (IAALX) by Texas customer, Alprin, and received \$180,00 in commission.

Respondents admit Watkins solicited and effected the purchase of 1522.843 shares of Transamerica Asset Alloc Growth C (IAALX) by Texas customer, Alprin, and received \$180.00 in commission.

Respondents deny this transaction was solicited and/or effected through the Oklahoma office. This transaction was solicited and/or effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

21- On August 6, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the sale of 56.497 shares of Black Rock Global Allocation Inv C (MCLOX) by Texas customer, Watkins, and received \$65.00 in commission.

Respondents admit Watkins solicited and effected the purchase of 56.497 shares of Black Rock Global Allocation Inv C (MCLOX) by Texas customer, Watkins, and received \$65.00 in commission.

Respondents deny this transaction was solicited and/or effected through the Oklahoma office. This transaction was solicited and/or effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

22-At the time Watkins entered the Agreement on August 22, 2012, Watkins did not disclose to the Department that he had effected the transactions described in paragraph 11 through 21 above.

Admitted that Rodney Watkins did not disclose the transactions with residents of Texas, Kansas or California solicited or effected in Watkins' Texas office nor was there any requirement in the agreement that he do so. Order written and entered into on August 29, 2012 when Administrator signed the Agreement and issued the Oder as specified in #10 after transactions already done. Orders were with Texas and Kansas residents which the order does not address when orders placed from Texas.

23- On September 19, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the sale of 45,000 shares (sic) of Morgan Stanley 5.50% Corporate Bond by Texas customer, Walker, and received \$675.00 in commission.

Respondents admit Watkins solicited and effected the sale of \$45,000 face amount of Morgan Stanley 5.50% Corporate Bonds due 7/28/2021 by Texas customer, Walker, and received \$675.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary Office located at 9801 Royal Lane, Dallas, Texas 75231.

24-On September 19, 2012, while unregistered under the Act, Watkins solicited and effected, through his Primary Place of Business, the purchase of 822.511 shares of Pimco Total Return C (PTTCX) by Texas customer, Williams, and received \$95.00 in commission.

Respondents admit Watkins solicited and effected the purchase of 822.511 shares of Pimco Total Return C (PTTCX) by Texas customer, Williams, and received \$95.00 in commission.

Respondents deny this transaction was solicited and effected through the Oklahoma office. This transaction was solicited and effected through Watkins Secondary office located at 9801 Royal Lane, Dallas, Texas 75231.

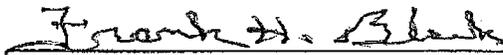
25-All of the transactions outlined in paragraph 11-24 above were executed through Southeast and approved by Black.

Admit transactions were approved by Frank Black for clients located in states where both Southeast Investments and Rodney Watkins were properly registered. Orders were solicited and effected through Watkins Secondary office located at 9801 Royal Lane, Dallas, Texas 75231.

Deny that transactions were executed through Southeast. Transactions were executed by Clearing Firm National Financial Services.

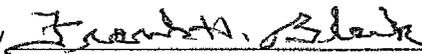
For purposes of responding to the Enforcement Department's Recommendation, the Respondents have, in their responses, corrected the references to the nature of the securities in its allegations. Additionally, the Respondents have assumed the use by the Department in its allegations to the terms "effected", "solicited and/or effected" and "solicited and effected" are intended to have the same meaning.

Dated: April 11, 2013

  
Frank H. Black, Individually

and

Southeast Investments, N.C. Inc.

By   
Frank H. Black, President