

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
THE FIRST NATIONAL CENTER  
120 N. ROBINSON, SUITE 860  
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

**MOTION TO DISMISS SUPPLEMENTAL  
ENFORCEMENT DIVISION RECOMMENDATION AND  
ALTERNATIVE RESPONSE TO THE SAME OF RESPONDENTS  
SOUTHEAST INVESTMENTS, N.C. INC. AND FRANK H. BLACK**

**MOTION TO DISMISS**

Respondents Southeast Investments, N.C. Inc. (“Southeast”) and Frank H. Black (“Black”) (collectively, “Respondents”) move the Administrator to dismiss the Supplemental Enforcement Division Recommendation filed herein on June 20, 2014 (“Supplemental Recommendation”) for the reasons set forth in Respondents’ “Response and Objection to Department’s Motion for Leave to Supplement Recommendation” filed herein on June 19, 2014 (“6-19-14 Response” – a copy of which is attached for convenience). Without limitation of the foregoing, Respondents move the Administrator to dismiss the claims set forth in the Supplemental Recommendation on the grounds that:

(A) the Supplemental Recommendation was untimely filed and, for that and the reasons set forth in the 6-19-14 Response, the filing thereof violates the Respondents’ rights to

(i) constitutional due process and (ii) due process under the Oklahoma Administrative Procedures Act;

(B) the Oklahoma Securities Commission lacks jurisdiction of such claims; and

(C) all discovery requests of Respondents directed to the Division of Enforcement have been ignored.

### RESPONSES TO DEPARTMENT'S ALLEGATIONS

In the alternative to the forgoing motion, Respondents respond to the allegations of the Supplemental Recommendation as follows:

#### Responses to Department's "Findings of Fact"

1. – 25. Respecting the allegations of the original Recommendation filed herein on March 28, 2013 ("Original Recommendation"), Respondents respond as follows:

(A) Respondents admit the allegations of paragraphs 1 through 7 and 9-10 of the Original Recommendation.

(B) Respondents deny the allegations of paragraph 8 of the Original Recommendation.

(C) Respondents deny the allegations of paragraphs 11 through 25 of the Original Recommendation.

26. Respondents admit the allegations of paragraph 26 of the Findings of Fact.

27. Respondents admit the allegations of paragraph 27 of the Findings of Fact.

28. Respondents admit the allegations of paragraph 28 of the Findings of Fact.

29. Respondents admit the allegations of paragraph 29 of the Findings of Fact.

30. Respondents admit the allegations of paragraph 30 of the Findings of Fact.

31. Respondents admit the allegations of paragraph 31 of the Findings of Fact because under the FINRA regulations it is not required to maintain a system of branch offices or regional offices of supervisory jurisdiction. Moreover, the deposition testimony of Frank Black was that others may conduct office reviews and/or review order tickets, blotters, etc.

32. Responding to paragraph 32 of the Findings of Fact, Respondents deny that Southeast agents complete Declarations (as defined in the Department's paragraph 32) in order only to "purportedly" comply with regulatory requirements and deny the implied allegation that completion and submission of the Declarations is Southeast's only compliance requirement of its agents.

33. Responding to paragraph 33 of the Findings of Fact, Respondents admit the allegation of the first sentence thereof and deny the balance of paragraph 33. Responding further, Respondents adopt and incorporate the 6-19-14 Response at ¶ 7, pages 3-4 thereof, and would state that the portion of the second sentence relating to e-mails grossly mischaracterizes Black's deposition testimony.

34. Responding to paragraph 34 of the Findings of Fact, Respondents deny the allegations of the first two sentences thereof as stated. Regarding the third sentence of paragraph 34, Respondent denies the relevance of such allegation. Responding further, Respondents adopt and incorporate the 6-19-14 Response at ¶¶ 8-9, pages 4-5 thereof.

35. Respondents deny the allegations of paragraph 35 of the Findings of Fact.

36. Responding to the allegations of paragraph 36 of the Findings of Fact, Respondents deny the same as stated. More particularly, the Department misreads the intent of the Southeast WSP to require review of all agent e-mails, including personal e-mails and e-mails

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unrelated to the agents' securities business. Respondents allege that the stated intent of the WSP is to require submission of e-mails related only to the agent's securities-related transactions.

37. Responding to paragraph 37 of the Findings of Fact, Respondents deny the same as stated. The allegation that Southeast has no "system" to monitor "securities related" e-mails is misleading. The Department apparently means by that allegation that the agents' e-mail programs are separate from Southeast's program, such that Southeast cannot open agent e-mails without the latter's consent or knowledge. Respondents know of no broker-dealer that employs such a procedure and, respondents submit, it is unlikely that any broker-dealer knows how many e-mails addresses an agent may have or how many computers an agent may own. There are many other ways, of course, to keep abreast of agent communications, especially when every actual purchase and sale transaction is funneled through Southeast. These include the requirement of "good faith" compliance by agents, direct contact by Southeast with the customers, and evaluations of communications to determine whether, based upon Black's extensive experience, necessary communications appear to be missing. In addition, an agent's failure to provide copies of communications requested by Southeast, the agents understand, may result in their immediate termination by Southeast.

38. Respondents deny the allegations of paragraph 38 of the Findings of Fact. Responding further, Respondents adopt and incorporate the 6-19-14 Response at ¶ 7, pages 3-4 thereof.

39. Respondents admit the allegations of paragraph 39 of the Findings of Fact.

40. Respondents admit the allegations of paragraph 40 of the Findings of Fact as stated but deny the implied allegation that such non-"timely" reporting was material.

41. Respondents admit the allegations of paragraph 41 of the Findings of Fact as stated but deny the implied allegation that the “inaccuracy” was material.

42. Respondents admit the allegations of paragraph 42 of the Findings of Fact as stated, but deny the implied allegation that the address “inaccurac[y]” was material. As with the allegations of paragraphs 39 to 41 of the Findings of Fact, the allegations of paragraph 42 amount to technical if not downright trivial omissions that:

- (a) have had no effect of any kind on any customer or impacted in any way the lawfulness of any securities transaction; or
- (b) remotely justify the sanctions that the Department seeks against Southeast; and
- (c) there was no requirement that Watkins file a residence during the suspension of his license by the State of Oklahoma because most of his revenue was derived from his insurance business or his wife’s accounting/tax practice.

(Indeed Respondents wonder if any good faith proceeding seeking suspension of a broker-dealer on such flimsy, nonsubstantive grounds has ever been prosecuted by the Department).

43. Respondents admit the allegations of paragraph 43 of the Findings of Fact as stated, but deny the implied allegation that the specific procedure set forth in the WSP is required by any substantive state or federal law or regulation or by any FINRA requirement.

44. Respondents admit the allegations of paragraph 44 of the Findings of Fact as stated, but deny the implied allegation that there is any substantive or material difference between the procedure required by the WSP and that actually employed. Respondents further deny the implied allegation that the specific procedure set forth in the WSP (which is not the law

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of the State of Oklahoma or elsewhere) is required by any substantive state or federal law or regulation or by any FINRA regulation.

45. Respondents admit the allegations of paragraph 45 of the Findings of Fact as stated but deny any implied allegation to the effect that any physical review of customers' account application materials or other customer information files or documents on the occasion of each trade is required by (i) the WSP or (ii) any substantive law, regulation or FINRA requirement. Contrary to the allegation made, the WSP merely requires that the "Designated Supervisory Principal periodically review customer accounts on a periodic basis in order to detect and prevent irregularities and abuses."

46. Respondents deny the allegations of paragraph 46 of the Findings of Fact as stated and, more specifically, deny the implied allegation that suitability requirements must be revisited in connection with each and every transaction ever ordered or requested by the customer under (i) the WSP or (ii) any law, regulation or FINRA requirement. Responding further to paragraph 46, as well as to paragraphs 43, 44, and 45 of the Findings of Fact, Respondents state that they have, at all times, complied with all substantive federal and state laws and regulations and all FINRA requirements concerning (i) customer suitability review and (ii) the handling of customer orders.

Reponses to Department's "Conclusions of Law"

1-7. Respondents deny that the conclusions of law set forth in the Original Recommendation are valid.

8-11. Respondents deny that the conclusions of law set forth in the Department's Conclusions of Law in the Supplemental Recommendation, Nos. 8 through 11 inclusive, are valid.

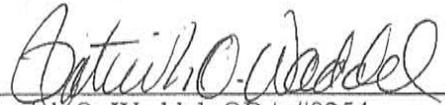
Notwithstanding the Department's allegations, it should be noted that Southeast Investments, N.C. Inc. was organized July 1, 1997 (17 years ago) and since that time has undergone ten (10) FINRA examinations and three (3) examinations by the Securities and Exchange Commission. None of these examinations resulted in fines for any violations including supervision. Additionally, Southeast has never had a valid customer complaint.

It is further submitted that after all of these months since the Original Recommendation was filed there has not been one substantive allegation made against Southeast Investments, N.C. Inc. or Frank H. Black in connection with the violation of any federal or State of Oklahoma law.

WHEREFORE, Respondents ask that the claims set forth in the Original and Supplemental Recommendation be dismissed forthwith and that this entire proceeding be terminated promptly.

Dated: July 15, 2014

Respectfully submitted,



Patrick O. Waddel, OBA #9254  
J. David Jorgenson, OBA #4839  
SNEED LANG PC  
One West Third Street, Suite 1700  
Tulsa, OK 74103  
(918) 588-1313  
(918) 588-1314 Facsimile

*Counsel for Rodney L. Watkins, Jr.,  
Frank H. Black and Southeast Investments,  
N.C. Inc.*

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**RESPONDENTS' RESPONSE AND OBJECTION  
TO THE DEPARTMENT'S MOTION FOR  
LEAVE TO SUPPLEMENT RECOMMENDATION**

Respondents Southeast Investments, N.C. Inc. ("Southeast") and Frank Black ("Black") object to the Department's Motion for Leave to Supplement Recommendation filed June 10, 2014 ("Motion to Supplement") and in support of such objection would show the Administrator as follows:

1. The original Enforcement Division Recommendation was filed herein on March 26, 2013 ("Original Recommendation" or "Orig. Rec."), some 15 months ago. The Original Recommendation leveled no broad allegations against Southeast related to training and supervision of its entire, nationwide complement of agents. The Original Recommendation alleged only that the transactions activity of Rodney L. Watkins, Jr. ("Watkins") (which activity allegedly violated the Commission's order of August 29, 2012) was "executed through Southeast and approved by Black." Orig. Rec. at 4, ¶ 25. See also *id.* at 8, ¶¶ 2-3. Plainly the Department's entire "case" against Southeast and Black was predicated on (i) vicarious responsibility for

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Watkins' actions and (ii) failure to supervise *Watkins alone* by (allegedly) allowing him to transact securities business in Oklahoma. The Department's allegations against Watkins were themselves, Southeast respectfully submits, contrary to the overwhelming weight of the evidence already adduced to the Administrator.<sup>1</sup>

2. On May 14, 2014, almost fourteen months after the Original Recommendation was filed, the Department's counsel took Black's deposition. The Department asked for and received an expedited transcript, copies of which were delivered to all parties the next day, May 15, 2014. The transcript is all of 65 pages long.

3. On June 10, 2014, twenty-six days after delivery of the Black deposition transcript and thirteen days before the then-scheduled evidentiary hearing, the Department filed the Motion to Supplement. The proposed "Supplemental Enforcement Division Recommendation" ("Supplemental Recommendation" or "Supp. Rec.") attached to the motion, on its face, converts this proceeding into an entirely new case based upon an entirely new theory.

4. There was no order of the Administrator and no other restriction that prevented the Department from deposing Black in 2013. The Department's delays are not excusable and its eleventh-hour filing of newly-minted, trumped-up charges against Southeast and Black should not be countenanced.

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<sup>1</sup> See Respondent's Motion for Summary Disposition filed Dec. 2, 2013. The Department's response to that motion offers no real rebuttal evidence concerning Watkins' testimony – and the customer affidavits regarding the in-person transactions – showing that the transactions occurred in Texas. Instead, the Department countered with innuendo concerning Watkins' credibility and by arguing a "nexus" theory that would allow the Commission to discipline Watkins, even if the actual sales/purchase activities occurred outside Oklahoma. See Department's Response to Respondents' Motion for Summary Disposition filed Feb. 28, 2014, especially at pp. 14-20.

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5. By the Supplemental Recommendation, the Department once again seeks to step outside its own jurisdictional boundaries. Southeast is regulated by the other states where Southeast has agents, as well as by the United States Securities and Exchange Commission. The SEC regulates not only broker-dealers like Southeast, but also the nongovernmental organization, the Financial Industry Regulatory Authority (FINRA). FINRA in turn polices Southeast and performs regular audits and reviews of Southeast. Southeast's supervision and training of non-Oklahoma brokers is the concern of the other states, of the SEC, and of FINRA, not the Oklahoma Department of Securities. Again, the Department simply does not have jurisdiction over extraterritorial activities.

6. Guillory sells mostly insurance products and only a handful of securities annually. The parties have resolved the Department's claims against Watkins and his securities license has been reinstated. In light of that outcome, it was not clear to Southeast or its counsel (prior to the filing of the Motion to Supplement) why the original "supervision" case was not treated as moot. Guillory has never been charged with, or even accused of, any substantive violation of any kind. Neither does the Supplemental Recommendation point to any specific failure to supervise Guillory with respect to any particular sale or purchase transaction. Indeed, the Department well knows that there is no evidence of *any* customer complaint or *any* substantive wrong committed by Guillory -- or for that matter, *Watkins* -- related in any way to any customer transaction. And, of course, the Original Recommendation made no allegation that Southeast had failed to supervise Guillory adequately. He is not even mentioned in the Original Recommendation.

7. Guillory's name appears exactly twice in the Supplemental Recommendation. The Department alleges (i) that Southeast has not provided it a copy of a compliance interview of

Guillory and (ii) that Southeast has not requested or received copies of Guillory's e-mails. Supp. Rec. at ¶¶ 34, 38. In that connection, a copy of Guillory's Bi-Annual Certification of Representative's Declaration to Supervisory Office is attached hereto as Exhibit "A" ("Declaration"). The actual testimony is that Southeast does not require submission of broker e-mails *related to personal matters or non-securities business*. See Exhibit "B" hereto (Registered Representative's e-mail acknowledgement form, signed by Lamar Guillory). The testimony also has been that many brokers do not use e-mail *to communicate with or transact business with their clients*.<sup>2</sup> Among those brokers is Lamar Guillory. Guillory testified that while Southeast requires he send copies of all e-mails to clients regarding securities transactions, he does not provide his "e-mails" because he does not communicate with his clients via e-mail; hence none of his e-mails are relevant to supervision or anything else having to do with Southeast's business. Guillory in fact certifies the fact that he does not communicate with clients via e-mail in his Declaration. See Ex. A hereto at "Page 3" and Exhibit B.

8. Southeast and Black will respond to the specific substantive allegations of the Supplemental Recommendation if and when the Administrator grants the Motion to Supplement. It is clear, however, that even on their face and even if every allegation were taken as true, the

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<sup>2</sup> The Department's allegation, based on an obvious misunderstanding of Black's testimony, that Black has testified that only "twenty-seven . . . of Southeast's [145] agents use e-mail" is absurd on its face in the year 2014. What Black obviously meant was that only 27 use e-mail *to communicate with their clients*. The others, like Black himself (as he also testified) use the mail, delivery services and the telephone. The Department's suggestion that Southeast agents could not have received the Southeast WSP by e-mail is risible.

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allegations of the Supplemental Recommendation add up to very little.<sup>3</sup> The Department, in effect, alleges that Southeast does not follow its own, quite strict, Written Supervisory Procedures (“WSP”) to the absolute, draconian letter, *not* that Southeast fails to abide by any regulatory requirements. The Supplemental Recommendation, when it gets to its legal “analysis,” simply quotes the regulations verbatim, then makes the *ipse dixit* pronouncement that the same were not followed. See Supp. Rec. at “Conclusions of Law” ¶¶ 8, 9 (unnumbered page).

9. The Supplemental Recommendation makes no attempt to apply the substance of the (very generalized) regulations to the substantive conduct of Southeast or Black. Instead the Department measures the alleged deficient conduct – none of which has resulted in any wrong of any kind to any Southeast customer – by the standard of Southeast’s own WSP. The reality is that every transaction is in fact reviewed and approved by Black. All orders are called in to the home office and actually placed from there. Black or personnel that report to him see every order before it is even placed! Every Southeast customer is in fact subjected to a suitability

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<sup>3</sup> An objective observer must ask: if the kind of supposed supervisory deficiencies alleged at the eleventh hour were of such momentous significance – if such deficiencies actually impacted the investing public in any meaningful way – why did the Department wait *14 months* to “investigate” these matters? The Original Recommendation, filed in March, 2013, alleged that Southeast failed to supervise Watkins properly, so supervision is not a new subject. It is difficult not to conclude that the Department, deprived of a bona fide case on the merits (there *never were* any Oklahoma activities and hence *there never was* any “failure to supervise” Watkins), is grasping for some kind of case – *any* kind of case -- to substitute for what it mistakenly believed was its *real* case.

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review when he or she opens a Southeast account. That review need not be repeated every time the same customer buys a share of stock, although Southeast in fact spot-checks individual orders with regard to customer suitability.<sup>4</sup> The WSP is in fact distributed by e-mail to all of the brokers and the brokers do in fact submit their "Biannual Declarations to Supervisory Office" as required – "required," that is, by Southeast's own WSP, but not by any specific regulation.<sup>5</sup>

### CONCLUSION

As an example of the kind of generality employed by the Commission's Rules, Section 660:11-5-42 (b)(22)(D) provides that each broker-dealer "shall review the activities of each office . . . to detect and prevent irregularities and abuses . . ." The regulations quite rightly concern themselves with preventing bad outcomes that stem from lax supervision – outcomes that impact the investing public adversely. Where are the irregularities and abuses here? The Department, in this entire, overheated, protracted proceeding has never alleged any "irregularity" (except in the most pedantic sense of the word) nor certainly any "abuse" by Southeast. Instead it has chosen, after all else has failed, to gin up a case based on supposed procedural lapses that have never affected any customer anywhere (to say nothing of any Oklahoma customer<sup>6</sup>). Further, contrast the violations cited in the Department's Original Recommendation involving Watkins' tenure at Ameriprise over a two-year period with the action in this proceeding not

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<sup>4</sup> It is noteworthy that FINRA rules require only a sampling inspection of order tickets, customer correspondence and e-mails.

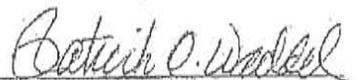
<sup>5</sup> An example of the supervision administered by Southeast and Black is set forth in the letter dated July 6, 2012 that is attached hereto as Exhibit "C." In addition, Southeast enforces the FINRA requirements for continuing education of registered representatives.

<sup>6</sup> One wonders how many unregistered securities have been sold, how many accounts have been churned, how many unwitting Oklahoma customers have been sold fractional interests in "speculative schemes which have no more basis than so many feet of 'blue sky,'" while the Department's legal staff worries about whether Lamar Guillory has his personal e-mails reviewed by Frank Black. *See Hall v. Geiger-Jones Co.*, 242 U.S. 539, 550 (1917).

involving any specific substantive violations. Enough is enough. The Motion to Supplement should be denied and this entire proceeding should be dismissed.

Respectfully submitted,

Dated: June 19, 2014

  
Patrick O. Waddel, OBA #9254  
J. David Jorgenson, OBA #4839  
SNEED LANG PC  
One West Third Street, Suite 1700  
Tulsa, OK 74103  
(918) 588-1313  
(918) 588-1314 Facsimile

*Counsel for Rodney L. Watkins, Jr.*

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EXHIBIT A

Guillory

2013 BI-ANNUAL CERTIFICATION OF REPRESENTATIVE'S  
DECLARATION TO SUPERVISORY OFFICE

Please **INITIAL** each item and **SIGN** on reverse side **AFTER  
READING EACH STATEMENT CAREFULLY.**

I certify in the past year that I have followed the following regulatory requirements of Southeast Investments, N.C., Inc. State and Federal Regulatory Authorities, and FINRA:

I UNDERSTAND THAT FAILURE TO FOLLOW THESE REQUIREMENTS MAY RESULT IN FINES,  
SANCTIONS, OR IMMEDIATE TERMINATION OF MY REGISTRATION.

I did not prepare mail or otherwise provide confirmations and/or statements to customers or other broker/dealers.

All advertising and sales literature, including any published material, form letters, newsletters or general mailing in which the Company's name appears or which makes mention or reference in any way to securities was sent to the OSJ for review, approval, and maintenance prior to use. This included any newsletters sent to clients or prospects.

TV and Radio appearances are considered communications by FINRA and require notification to Southeast Investments, N.C. Inc. COO prior to appearance for approval. I certify I have NOT appeared on TV or radio without notifying the COO of Southeast Investments, N.C. Inc. of these appearances.

I have sent a copy of any materials to be used in seminars or speaking engagements I have conducted to the main office of Southeast Investments, N.C. Inc. for approval prior to use. This includes but is not limited to advertisements, mailers, seminar scripts, slides, handouts, or video presentations. I have also sent a list of all attendees at any seminars I have held to Southeast Investments, N.C. Inc. main office for the seminar file as required by FINRA rules.

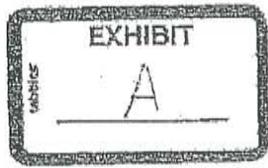
All correspondence with the Company's customer accounts including written or electronic means (including e-mails) was sent to the OSJ for review, approval and record keeping maintenance. I did not use any chat rooms, instant messages, blogs, message boards or on-line communications of any form to tout or recommend securities. I UNDERSTAND THE USE OF CHAT ROOMS, INSTANT MESSAGES, BLOGS, MESSAGE BOARDS OR ANY FORM OF ONLINE COMMUNICATIONS TO TOUT OR RECOMMEND SECURITIES IS STRICTLY PROHIBITED BY SOUTHEAST INVESTMENTS POLICY. Any e-mails or communications of any kind involving securities have been sent to the home office for approval prior to use.

All mutual fund and annuity applications (including variable, fixed index and equity index) have been sent and will be sent to the OSJ for processing and approval by the OSJ prior to submission to the mutual fund or annuity center.

I notified the OSJ or the Company's Supervisory Principal of any customer complaint within 24 hours of receipt of such complaint.

I have not given any client tax or legal advice (unless you are a CPA or lawyer) without telling them to seek advice from their accountant or attorney.

I represent that there are no events that have occurred since the filing of my U-4 or any subsequent amendment which I have notified SE of that would require my previously reported answers on my U-4 to be amended. I understand that should any event occur that would require amending my U-4, I will promptly notify Southeast Investments to amend my U-4. These events include but are not limited to customer complaints, regulatory complaint or proceeding, change of address of home or business, liens, court actions, arrests, warrants, bankruptcy and outside business activities. I will promptly request a copy of the amendment once it is filed to verify the correctness of the amendment. I understand that FINRA will impose a fine which I will pay should my filing of the above information not be promptly submitted to the Home Office for filing with FINRA.



I have made it clear to all customers that all my securities transactions are through Southeast Investments, N.C. Inc. If I have a non-securities business such as insurance, I have clearly informed all clients that this associated business is not owned by nor affiliated with Southeast Investments. If I am using a business card for the non-securities business, I have clearly stated this information on the business card.

I have advised my clients that all non-security transactions are not through Southeast Investments but are through my own or other companies which are not affiliated with and are not owned by Southeast Investments.

I have not offered nor sold any securities or investments of any kind except those offered and approved by Southeast Investments, N.C. Inc. I have not introduced anyone to someone seeking to raise money or arrange a loan in a business I own, my friends own, or anyone owns without first discussing it with Southeast Investments' Chief Compliance Officer and receiving permission in writing.

I am familiar with regulatory requirements regarding insider trading. I have not received information from any company insider regarding company events which I have used to effectuate trades for the benefit of myself or others.

I have not spoken with nor received any communications from State or Federal Regulatory Authorities, without first notifying the Compliance Department of Southeast Investments. Any written communication from regulatory authorities have been and will be promptly (within 24 hours) sent to the Compliance Department of Southeast Investments. Should you receive a call from a State or Federal Regulator or an attorney, simply refer them to the Main Office Compliance Department.

I am familiar with the regulatory requirements regarding the privacy of client financial information (Regulation S.P.) and have not divulged information regarding any client to any unauthorized persons. I have taken steps to safeguard the privacy of client's records and information.

I have reviewed Section VI of the Written Supervisory Procedures for Southeast Investments regarding Employee Conduct and Activities.

I have not engaged in any outside business activities without first notifying and having the activity of investment approved by Southeast Investments, i.e., I have not sold away.

I have not engaged in any outside business activities involving private securities business with a representative or another broker/dealer nor have I shared in any profit or loss with a customer. I have not settled any errors or losses directly with clients. I have not rebated any commissions to clients.

I have not guaranteed profits nor guaranteed against loss in a client's account.

I have not offered a money back guarantee of fees or commissions charged. I understand this is against FINRA, SEC, Exchange and Southeast Investments' rules to say such things and I have not.

I do not share or have an interest in a client's account.

I have informed the OSJ or Supervisory Principal in writing of all outside business activity for which I receive compensation, directly or indirectly. I have listed on Attachment A all outside businesses or activities in which I am engaged.

Other than commissions received through Southeast Investments, I have not received directly or indirectly anything that might be considered compensation from a sponsor or wholesaler of an investment product. Any seminars or meetings for which the sponsoring organization paid over \$100.00 for me to attend has been pre-approved by Southeast Investments, N.C. Inc.

I have neither borrowed from nor loaned to clients any monies. I understand FINRA and Southeast Investments rules prohibit receiving any kind of performance based gift or bonus from a client. I also understand rules prohibit giving gifts or monies to clients or rebating commissions. I understand this is strictly prohibited by FINRA and Southeast Investments, N.C. Inc. rules.

I have access to a copy of the firm's Written Supervisory Procedures which were e-mailed to me.

- I have reviewed the firm's Written Supervisory Procedures and agree to abide by them.
- I have reviewed the Anti-Money Laundering Procedures in Southeast Investments Written Supervisory Procedures.
- I have not bought or sold for my own account a private placement such as an oil and gas deal without notifying Southeast Investments.
- I understand Southeast Investments' rules prohibit me or members of my family having accounts at other broker dealers unless given written approval. This affirms I have followed that rule.
- I have not received a check or checks from a client made payable to my name or any business name associated with me. All checks are made payable to National Financial Securities or the appropriate mutual fund or insurance carrier. I understand it is STRICTLY PROHIBITED to deposit client checks in my account or any account I control.
- I have not raised money for any investment offered by anyone including myself not offered through Southeast Investments.
- I understand that it is a violation of FINRA regulations to share in the profit or loss with a client. I have not shared in the profit or loss with a client.
- I have not deposited check from a client to an account under my control. I understand it is a violation of FINRA rules even if I temporarily deposit it and write a check for the exact same amount to the intended recipient.
- If I have no RIA, I have sent duplicate confirmations and statements to Southeast Investments for review or notified Southeast Investments of my access to my client accounts in accordance with FINRA Notice To Members 04-44 and FINRA Rule 3040 which prohibits securities transactions by associated persons without written prior approval. I have printed and read FINRA Notice to Members 04-44 and FINRA Rule 3040.
- I have not sold nor have I participated in life settlements. I understand FINRA has issued two notices Regulatory Notice 09-42 and NTM 06-38 prohibiting broker/dealers or their registered representatives from entering life settlement business prior to approval by FINRA.
- I have reviewed the Telemarketing Procedures in Southeast Investments Written Supervisory Procedures including the rules regarding cold calling and the use of scripts. I have followed the regulations of the firm and of regulators regarding these.
- I am aware of the provisions of the Telephone Consumer Protection Act of 1991 including the DO NOT CALL List. I have read and have abided by the firm's rule regarding telemarketing as delineated in the Written Supervisory Procedures.
- I am aware that all materials on my website (if I have one) have to be approved prior to adding it to my website. I have not added any materials to my website without prior approval.
- I understand that all orders are to be called in. Any faxed or e-mail orders that are not confirmed with a phone call and result in an error will be charged to me.
- I am aware of Mutual Fund Rights of Accumulation and Letters of Intent. I have NOT sold Mutual Funds to clients without first reviewing amounts owed to take advantage of Rights of Accumulation and Letters of Intent.
- This certifies that I have received a copy of the Southeast Investments Code of Ethics.
- I do not (initial one) use email to communicate with clients regarding securities. If I do, I have copied Southeast Investments on all emails regarding securities.

I have not signed a client's name to any document.

I certify to the above this 30 day of October, 2013.

[Signature]

Registered Representative Signature

Lamar Guillot

Registered Representative Printed Name

Reviewed by [Signature]  
C. Firm Supervisory Principal

DATE 10-30-13

ATTACHMENT A

Annual Certification of Outside Business Affiliations

FINRA Rule 3030 requires that firms maintain registration information, including outside business affiliations, on forms U4 and U5, and form BD. Failing to properly update records is a frequent finding during FINRA exams.

Please list any and ALL outside business activities in which you are engaged, even if they have previously been disclosed.

Blank lines for listing outside business activities.

I certify that I am not engaged in any activity involving the offer or sale of Variable or life settlements, pay phone or ATM sales, or promissory notes. I understand that should I be approached to offer any investment, I am required to notify the CCO of Southeast Investments and obtain approval.

If you have engaged in a new outside business activity in the last 12 months:

- 1. How are you compensated for this business?
2. What is the name of the company used for the outside business activity?
3. What is your position or title?
4. Is the business structure a corporation, LLC, partnership or a sole proprietor operation?
5. How much time do you devote each week to the outside business?
6. Are there other registered reps associated with this firm or not, affiliated with this business?
7. Are you subject to any formal or informal agreement or arrangement requiring you to turn over or share your securities commissions?

Principal Name: [Handwritten Name]

Signature: [Handwritten Signature]

Date: 11-30-13

Reviewed by: [Handwritten Name] OSI

Date: 12-30-13

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EXHIBIT B

**E-MAIL AND ELECTRONIC  
COMMUNICATIONS  
ACKNOWLEDGEMENT FORM**

In accordance with the FINRA Rule 3010 and the supervisory procedures set forth by Southeast Investments, N.C., Inc., I Laura Guillory, hereby agree to have approved all securities related correspondence both written and electronic (e-mail, website, etc.) with my OSJ Principal. In addition, I agree to have all incoming communications from my customers either written or electronic (e-mail, website, etc.) submitted to my OSJ for review.

I will "carbon copy" (CC) my OSJ on all securities related e-mail correspondence sent to my clients. I will also CC by forwarding to my OSJ Principal copies of all securities related e-mails received by me from clients. These e-mails will be CC to Jeanette Roberts and Frank Black.

Laura Guillory  
Registered Representative

4-12-12  
DATE

Frank Black  
OSJ Principal

4/22/12  
DATE



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EXHIBIT C

Southeast Investments, N.C. Inc.

820 Tyvola Road, Suite 104  
Charlotte, NC 28217  
704-527-7873 or 800-828-1295  
Fax 704-527-2166

Member FINRA, SIPC

June 6, 2012

Re: Rodney Larry Watkins, Jr. (CRD #3091936)

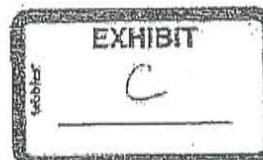
To Whom It May Concern:

Southeast Investments has submitted through FINRA to register Mr. Watkins with my firm in the State of Oklahoma. Should Oklahoma grant Mr. Watkins registration, I and Southeast Investments agree to do the following to supervise Mr. Watkins to prevent violations of Oklahoma, Federal, FINRA, SEC or other state regulations and rules as well as those of Southeast Investments:

1-All registered representatives including Mr. Watkins are required to forward to the home office all paperwork re opening of brokerage account, application for mutual funds or variable annuities, etc for review and approval. The opening of a brokerage account can only take place by personnel in the home office. Applications for mutual funds, variable annuities are sent directly from the home office to the carriers.

2-As part of registration with Southeast Investments, all registered representations are required to sign:

a-Form titled SELLING AWAY detailing FINRA Rule and Southeast's requirement that written approval be obtained from the Southeast Investments Compliance Officer prior to selling any investment not offered through the Company.



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g-Form titled FINRA RULE 3050 requiring registered representatives signature acknowledging he understands all brokerage accounts must be through Southeast Investments.

h-Form acknowledging receipt of AML and Customer Identification Program procedures with signature page attached agreeing to abide by the rules.

i-Form titled SOUTHEAST INVESTMENTS, N.C., INC. REQUEST TO ENGAGE IN OUTSIDE ACTIVITY requiring completion and signature.

3-Neither Mr. Watkins nor any Southeast Investments representatives have the ability to transmit orders from his (their) office to our clearing firm, National Financial Services division of Fidelity Investments. Mr. Watkins will be required to call all orders for securities in to the main office for review and approval prior to transmission to our clearing firm, National Financial Services division of Fidelity Investments for execution.

4-All documents containing client signatures are required to be sent to the home office for review and approval. Part of the review is to compare the signature versus other documents signed by the client.

It is firm policy that clients are sent copies of all documents containing their signature for their records, review and correction if need be. This is true of new account documents, change of address, mutual fund and variable annuity applications, etc. All new clients of Southeast Investments receive a welcome letter from me containing a copy of their new account form along with any other documents containing their signature. The welcome letter explicitly asks that they review all documents for

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correctness and asks that they call me personally then or in the future if they have questions or concerns.

5-It is firm policy that all variable annuity contracts be delivered directly from the respective carriers to the policy holder to assure prompt delivery of the contract to the client.

6-Mr. Watkins will not be permitted to act in a supervisory capacity.

7-All requests for disbursement of funds must be sent to the main office for review and approval prior to transmittal to our clearing firm National Financial Services for issuance of check or wire. Neither Mr. Watkins, Southeast Investments or any of our representatives can issue checks.

8-All changes of address requests must be in writing, signed by the client and sent to Southeast main office for review and approval prior to transmittal to our clearing firm National Financial Services. National Financial sends a confirming letter to the client at both the old and new address for confirmation by the client that new address is correct.

9-Mr. Watkins will be required to review the firms Written Supervisory Procedures and discuss in detail each section with the firms Chief Compliance Officer.

10-Mr. Watkins will be placed on Heightened Supervision for a period of not less than 2 (two) years or as long as the state requires.

b-Form titled EMAIL AND ELECTRONIC COMMUNICATIONS ACKNOWLEDGEMENT FORM delineating our requirements and acknowledging they agree to abide by them.

c-Form titled STATEMENT OF ACKNOWLEDGEMENT AND AFFIRMATION OF THE FIRM'S POLICIES AND PROCEDURES CONCERNING THE ANTI-MONEY LAUNDERING REGULATIONS.

d-Form titled REPRESENTATIVES DECLARATION TO SUPERVISORY OFFICE OF SOUTHEAST. This form requires representatives to initial each item and sign at the bottom agreeing to abide by the regulatory requirements.

This form is required to be signed prior to registration.

e-Form titled BI-ANNUAL CERTIFICATION OF REPRESENTATIVE'S DECLARATION TO SUPERVISORY OFFICE. This form requires representatives to initial each item and sign at the bottom agreeing to abide by the regulatory requirements of Southeast Investments, State and Regulatory Authorities and FINRA.

This form is required to be signed by all registered representative of Southeast on a bi-annual basis. Attachment A titled ANNUAL CERTIFICATION OF OUTSIDE BUSINESS AFFILIATIONS REQUIRES certification and signature.

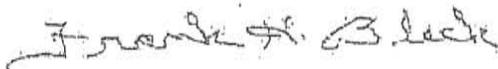
f-Page 2 of the Form titled BI-ANNUAL CERTIFICATION OF REPRESENTATIVE'S DECLARATION TO SUPERVISORY OFFICE states, "I have reviewed Section VI of the Written Supervisory Procedures for Southeast Investments regarding Employee Conduct and Activities.

Despite the fact that my wife owns the building the main office is located in, I do not sit in nor do I have a private office. I sit in an open area 7 1/2 feet from the Operations Manager, Jeanette Roberts. Jeanette has worked for me for 34 years. My daughter Dominique sits at a desk approximately 15 feet directly in front of me. The other wire operator who can take orders from representatives in addition to Jeanette, and Dominique sits approximately 12 feet to my right. I hear and see orders as they are received prior to transmission to our clearing firm, National Financial for execution.

The fax machine for receipt of faxes is located within 6 feet of my desk. I personally open the mail each day to view the contents. We do not use voice mail nor do I allow screening of my calls; anyone wanting to speak with me simply walks in the main door and sees me or calls and speaks to me.

I take my duties as Chief Compliance Officer of Southeast Investments seriously to prevent violation of regulatory body rules, protect the public as well as my thorough understanding that the very existence of the firm could be jeopardized if rules are violated. Since both I and three of my grown children, 2 nieces and numerous representatives are dependent on Southeast to conduct business, I do everything I can to ensure we follow the rules.

Sincerely,



Frank H. Black-CCO