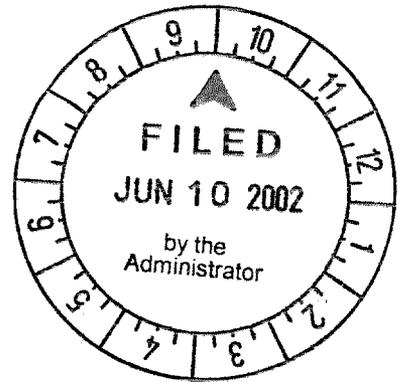


STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Southmark of Tulsa, Inc., Wendell D. Belden,  
Gertrude M. Edwards, Dieta Brown and  
Cannon Ferrell,

Respondents.

File No. ODS 02-156

**AGREED SCHEDULING ORDER**

The Oklahoma Department of Securities (Department) appears through its attorney, Rebecca A. Cryer. Respondents Southmark of Tulsa, Inc. (Southmark), Wendell D. Belden (Belden), Gerturde M. Edwards (Edwards), Dieta Brown (Brown) and Cannon Ferrell appear through their attorney Steven L. Hunt. Based upon the agreement of the parties a scheduling order is entered as follows:

**THIS ORDER** is entered as of the 10 day of June, 2002.

By agreement of the parties the Proposed Stipulations attached hereto and marked as Exhibit 1 are offered and accepted into evidence.

The Department has submitted a preliminary list attached hereto and marked as Exhibit 2 identifying the witnesses and exhibits the Department intends to use at trial. Respondents have submitted a preliminary list attached hereto and marked as Exhibit 3 identifying witnesses and exhibits that Respondents intend to use.

**IT IS ORDERED** that the following must be completed within the time fixed:

1. All motions are to be filed in this proceeding on or before June 14, 2002. Any response to the motion shall be filed by June 20, 2002. Argument on all motions will be submitted in writing and shall be disposed of by written order. Oral argument will not be heard on pre-hearing motions.
2. The parties shall submit a Preliminary Witness List and a Preliminary Exhibit List, each to the other, and filed herein by June 14, 2002. Submission of the preliminary lists may be accomplished by fax or any other method that will assure delivery on or before 5:00 p.m. on June 14, 2002.

3. All depositions must be concluded by June 19, 2002. The parties are to confer with each other to arrange and confirm dates for depositions.
4. All discovery is to be completed by June 19, 2002.
5. The parties shall provide each other and file herein a Preliminary Exhibit List and a Preliminary Witness List by June 14, 2002.
6. All objections to the admission of testimony of any witness or exhibit shall be presented in writing by June 19, 2002.
7. The issues in this proceeding are those issues set forth in the Enforcement Division Recommendation and the Respondents Request For Hearing
8. A Final Pre-Hearing Conference shall be conducted on June 20, 2002, at 10:00 a.m. at the offices of the Oklahoma Department of Securities.
9. The hearing in this proceeding shall be conducted in the offices of the Oklahoma Department of Securities on June 26, 2002, at 10:00 a.m.

**IT IS ORDERED** that no date set by this Order can be changed except for good cause and upon written Order prior to the date scheduled.

(SEAL)



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

Exhibit I

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



In the Matter of:

Southmark of Tulsa, Inc., Wendell D. Belden,  
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File No. ODS 02-156

**Proposed Stipulations**

1. On November, 19, 2001, the Oklahoma Department of Securities (Department) initiated a formal administrative proceeding (the "Administrative Proceeding") to deny the effectiveness of the registration of STI as an investment adviser and the registrations of Belden and Edwards as investment adviser representatives. The Administrative Proceeding was initiated through the submission of a Recommendation to Deny Effectiveness of Registrations (Recommendation) to the Administrator. A Supplemental Recommendation to Deny or Revoke Effectiveness of Registrations and to Bar from Association with a Broker-Dealer or Investment Adviser and to Impose Other Sanctions (Supplemental Recommendation) was filed on March 8, 2002. A hearing was held on March 26 and 27, 2002. The outcome of the Administrative Proceeding is pending.

2. STI was initially registered under the Act as an investment adviser on August 5, 1991. STI became registered with the United States Securities and Exchange Commission (SEC) as an investment adviser on March 1, 2002. STI made a Notice Filing with the Department that was effective March 1, 2001.

3. Since January 1, 2002, Respondents have represented to their clients and/or prospective clients that STI is a registered investment adviser.

4. Belden is Chairman of the Board and the sole shareholder of STI. Belden was initially registered under the Act as an investment adviser representative of STI on August 5, 1991.

5. On January 23, 2002, Belden submitted an application for registration under the Act as an investment adviser representative of STI for calendar year 2002.

6. Edwards is Vice President of STI and acts in a supervisory capacity. Edwards was initially registered under the Act as an investment adviser representative of STI on August 12, 1993.

7. On January 23, 2002, Edwards submitted an application for registration as an investment adviser representative of STI for calendar year 2002.

8. Brown filed an application to register under the Act as an investment adviser representative of STI on January 23, 2002.

9. Ferrell is not and has never been registered under the Act as an investment adviser representative of STI.

10. Ferrell has not filed an application to register under the Act as an investment adviser representative of STI.

Approved by:

Rebecca A. Cryer  
Rebecca A. Cryer  
Enforcement Attorney  
Oklahoma Department of Securities

Approved by:

Steven L. Hunt  
Steven L. Hunt, Attorney at Law  
5110 South Yale, Suite 100  
Tulsa, OK 74135

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

In the Matter of:

Southmark of Tulsa, Inc., Wendell D. Belden,  
Gertrude M. Edwards, Dieta Brown and  
Cannon Ferrell,

Respondents.

File No. ODS 02-156

**Exhibit   2**

**Oklahoma Department of Securities Preliminary Exhibit List**

- Exhibit 1: Dealer Agreement-Rafferty Capital Markets, Inc.
- Exhibit 2: Southmark's Client Agreement Forms and all other records provided to the Department pursuant to the subpoenas issued May 9, 2002, and August 13, 2002.
- Exhibit 3: Letter dated December 7, 1983, to Wendell Belden from P. David Newsome, Jr.
- Exhibit 4: Letter received by the Oklahoma Department of Securities (Department) on December 12, 1983, to Melanie Hall from Wendell Belden
- Exhibit 5: Letter dated May 2, 1985, to Wendell Belden from Leo Johnson
- Exhibit 6: Letter dated June 16, 1987, to Wendell Belden from Leo Johnson
- Exhibit 7: Letter dated May 8, 1989, to Wendell Belden from Leo Johnson
- Exhibit 8: Previous Agreements between Department, Southmark of Tulsa, Inc. and/or Belden and/or Belden entities
- Exhibit 9: Southmark of Tulsa, Inc. sales literature
- Exhibit 10: Respondents' applications for registration
- Exhibit 11: Timing signals from New Century to Southmark
- Exhibit 12: Respondents' prior registration orders
- Exhibit 13: New Century Financial Group, LLC Consulting Agreement dated March 11, 2002
- Exhibit 14: Trade instructions to Potomac and American Skandia from Southmark
- Exhibit 15: Investment Advisor Account List dated 9/27/01
- Exhibit 16: Southmark of Tulsa, Inc.'s Investment Advisor notice filing
- Exhibit 17: Central Registration Depository System ("CRD") records including but not limited to orders entered against Respondents by the NASD or other Regulatory Agency.
- Exhibit 18: Financial schedules prepared by Department employees

- Exhibit 19: Southmark financial statements and sales charges  
Exhibit 20: Potomac Funds application forms  
Exhibit 21: Potomac Funds Investment Adviser account lists  
Exhibit 22 All Exhibits offered by the Department or Respondents in ODS 1-150  
Exhibit 23 All items delivered to the Department pursuant to the Supoena Duces  
Tecum issued in ODS 02-156.

**Oklahoma Department of Securities Preliminary Witness List**

John Ulrey, Oklahoma Department of Securities  
Carol Gruis, Oklahoma Department of Securities  
Leo Johnson, Oklahoma Department of Securities  
Glen Grossman, Oklahoma Department of Securities  
Brenda London, Oklahoma Department of Securities  
Dan Clark, Oklahoma Department of Securities  
Melanie Hall, Oklahoma Department of Securities  
Southmark of Tulsa, Inc. customers  
Lori Bynum, Oklahoma Department of Securities  
Dieta Brown  
All witnesses listed by Respondents

Dated this 6<sup>th</sup> day of June, 2002.

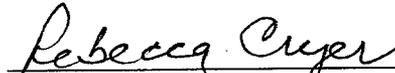
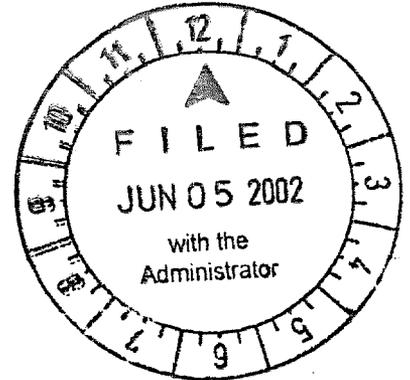
  
\_\_\_\_\_  
Rebecca Cryer OBA #2065

Exhibit 3

**STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
ADMINISTRATOR  
First National Center, Suite 860  
120 North Robinson  
Oklahoma City, Oklahoma 73102**



In the Matter of:

Southmark of Tulsa, Inc.,  
Wendell D. Belden,  
Gertrude M. Edwards,  
Dieta Brown, and  
Cannon Ferrell

Respondents,

File No. ODS 02-156

**RESPONDENTS' PRELIMINARY WITNESS LIST  
AND PRELIMINARY EXHIBITS LIST**

**WITNESSES**

Wendell D. Belden

Gertrude Edwards

Cannen Ferrell

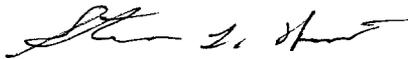
**EXHIBITS**

All Exhibits From State's Exhibit List  
In the Matter of:  
Southmark of Tulsa, Inc.,

Wendell D. Belden, and  
Gertrude M. Edwards  
File No. ODS 01-150

All Items delivered to the State pursuant the Subpoena Duces Tecum in this matter.

Respectfully Submitted,



Steven L. Hunt  
5110 South Yale, Suite 100  
Tulsa, Oklahoma 74135  
918-492-5541

**CERTIFICATE OF SERVICE**

I, Steven L. Hunt, hereby certify that on the date reflected below, I served the above and foregoing Document by mailing a true and correct copy of said document, with first class postage fully prepaid, to:

THE OKLAHOMA DEPARTMENT OF SECURITIES  
First National Center, Suite 860  
Attn: Rebecca Cryer  
120 North Robinson  
Oklahoma City, Oklahoma 73102

On this 3rd Day of June, 2002.



Steven L. Hunt OBA #4495  
Attorney for the Respondents  
5111 S. Yale, Suite 100  
Tulsa, Oklahoma 74135  
(918) 492-5541