

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of T.L. Secrest,)
)
 Respondent)

CONSENT ORDER

.....

The North Dakota Securities Commissioner has conducted an investigation into the above-captioned matter, has advised the respondent, T.L. Secrest, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. The respondent, T.L. Secrest, is an insurance agent registered to sell insurance products in North Dakota. Mr. Secrest is not now and has never been registered as a securities agent in North Dakota.
2. From 2001 to 2003, Mr. Secrest sold or attempted to sell fixed annuities to five North Dakota residents. In selling these fixed annuities, Mr. Secrest recommended that the North Dakota resident investors sell some of their securities holdings to fund the annuities.
3. In soliciting the liquidation of securities, as described above, Mr. Secrest suggested that his clients to conduct these transactions through Williams Financial Group, Inc., (WFG) a Texas based securities dealer registered in North Dakota, and its North Dakota registered agent, Sidney Mondschein. Mr. Secrest provided his insurance clients with forms necessary to establish an account at WFG, to transfer their existing securities holdings to WFG, to liquidate their securities holdings, and to transfer the assets to American Investors, the insurance company through which Mr. Secrest sold annuity products. Mr.

Secrest assisted his clients in filling out these forms, which were created by WFG and/or Mr. Mondschein for the purposes of distribution to clients of insurance agents. Mr. Secrest asserts that he was following the procedures established by Williams Financial Group, and that he believed those procedures were designed to comply with the North Dakota Securities Act.

4. The facts set forth above, demonstrate that the respondent was acting as an agent for WFG and engaged in securities transactions while he was not properly registered as an agent, as required by section 10-04-10 N.D.C.C. Respondent engaged in transactions or attempted transactions in the accounts of five North Dakota residents in violation of this section.

5. Pursuant to section 10-04-16 N.D.C.C., when it shall appear to the Commissioner that any person has engaged in, or is engaging in, or is about to engage in any act or practice which is declared illegal in this chapter, the Commissioner may issue any order and collect civil penalties against any person found in an administrative action to have violated any provision of the chapter in an amount not to exceed \$10,000 for each violation.

6. Respondent acknowledges its right to a hearing on this matter and waive this right to a hearing and to present arguments to the Commissioner.

7. Respondent agrees to resolve this matter with the Securities Commissioner by this Consent Order.

8. The following Order is necessary and appropriate in the public interest and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondent is hereby assessed a civil penalty of \$10,000, \$7,500 of which shall be suspended and shall never become due and payable as long as the Respondent complies with the following provisions:

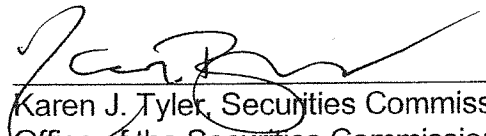
- a. Respondent pays \$250 to the North Dakota Securities Department upon execution of this Consent Order and on or before the fifteenth day of each month thereafter. Such payments shall continue until the respondent has paid \$2,500 in civil penalties.
- b. Respondent shall not engage in the business of selling securities in North Dakota, unless or until he is registered as a securities agent and properly affiliated with a registered dealer.
- c. Respondent shall not engage in any violations of the North Dakota Securities Act.
- d. The respondent shall not transact any securities business with any person in North Dakota, or otherwise recommend that any person purchase or sell any securities, unless and until the respondent has become registered to sell securities in North Dakota.
- e. Unless registered pursuant to paragraph d, above, the respondent shall not engage in any activities that could be construed to referring an insurance client to a securities dealer unless such activities are strictly limited to providing a business card to the client. Respondent is specifically precluded from providing any dealer account forms to a client, assisting a client with completing any dealer account forms,

submitting any such forms to a dealer, discussing investment options with the client in or outside of the presence of an agent of that dealer, or otherwise engaging in any communications or actions regarding a client's securities holdings.

2. This Order shall be effective upon signature of the Commissioner.

Signed and Sealed this 24th day February, 2004.





Karen J. Tyler, Securities Commissioner
Office of the Securities Commissioner
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of T.L. Secrest,
Respondent.

**CONSENT TO ENTRY
OF ORDER**

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Based on mutual concessions and a willingness to resolve all matters discussed in the foregoing Consent Order, the undersigned Respondent, states that:

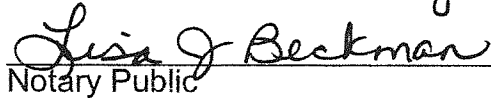
1. He has read the foregoing Consent Order, and knows and fully understands its contents and effects.
2. He has been advised of his right to a hearing with regard to this matter, and has specifically waived his right to a hearing.
3. He has been advised that any willful violation of this order is a Class B Felony pursuant to Section 10-04-18(1) N.D.C.C. and is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person, pursuant to Section 12.1-32-01(3) N.D.C.C. or by a \$35,000 fine with respect to an organization, pursuant to Section 12.1-32-01.1(2) N.D.C.C.
4. The foregoing Consent Order constitutes the entire settlement agreement between the Respondent and the Securities Commissioner, there being no other promises or agreements, either expressed or implied.
5. He consents to the entry of the Consent Order without admitting or denying the factual determinations contained therein (specifically, Paragraphs 1-3), only for the purposes of this proceeding and no other proceeding, and for settlement purposes only. Respondent agrees to testify in any proceeding before the Commissioner relating to this matter, and agrees to testify truthfully, and in a manner consistent with the Commissioner's findings as set forth in paragraph's 1-3 of the Consent Order. Respondent further states that his activities, as described in paragraphs 1-3 of the Consent Order were in accordance with the procedures established by Williams Financial Group. Respondent specifically denies that he intended to act as an agent of Williams Financial Group, and denies the Commissioner's legal conclusions contained in paragraph 4 of the Consent Order.
6. He consents to entry of the foregoing Consent Order by the Securities Commissioner, and does so willingly for the purpose of resolving the issues described in the foregoing Consent Order.

Dated this 26th day of FEBRUARY, 2004.



T.L. Secrest
Adams County Courthouse
P. O. Box 430
Hettinger, ND 58639-0430

Subscribed and Sworn before me this 20th day of February, 2004.



Notary Public
State: N.D. County: Adams
My Commission Expires: 1-29-2009

(Notary Seal)