

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

\_\_\_\_\_) )  
IN THE MATTER OF: ONE FINANCIAL SECURITIES, LTD. ) FILE NO. 0700386  
\_\_\_\_\_) )

**CONSENT ORDER of REVOCATION**

TO THE TO THE RESPONDENT: One Financial Securities, Ltd.  
(CRD#: 104282)  
301 Magazine Street 3<sup>rd</sup> Floor  
New Orleans, Louisiana 70130

C/o Patrick K. Craine Attorney At Law  
Bracewell & Giuliani LLP  
1445 Ross Avenue Suite 3800  
Dallas, Texas 75202-2711

WHEREAS, Respondent on the 22<sup>nd</sup> day of April 2008 executed a certain Stipulation to Enter Consent Order of Revocation (the "Stipulation"), which hereby is in incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department dated November 27, 2007, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Revocation "Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a dealer in the State of Illinois pursuant to Section 8 of the Act.
2. That on August 6, 2007 the State of Texas entered disciplinary Order in DOCKET NO.312-07-2045, FILE NO: 07-1C01, ORDER NO: IC07-

REV-18 Which revoked the Respondent's registration as a dealer in the State of Texas.

3. That the Order found:

**FINDINGS OF FACT**

- a. The Respondent has waived:
  - (i) Respondent's right to notice and hearing in this matter;
  - (ii) Respondent's' right to appear and present evidence in this matter;
  - (iii) Respondent's' right to appeal this Order; and
  - (iv) all other procedural rights granted to the Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2006) ("Texas Securities Act") and the Administrative Procedure Act, TEX. Gov'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2006) ("Administrative Procedure Act").
- b. On or about October 17, 2000, the Respondent registered with the Securities Commissioner as a dealer, which is currently effective.
- c. On or about August 9, 2001, Mr. Dykes registered with the Securities Commissioner as an agent for the Respondent, which is currently effective. Mr. Dykes is the President of and the designated principal for the Respondent.
- d. On or about December 7, 2006, the staff of the Texas State Securities Board ("Staff") attempted an inspection (the "Inspection") of the Respondent.
- e. Pursuant to Sections 13-1 of the Texas Securities Act and §115.7 of the Rules and Regulations of the Texas State Securities Board ("Board Rules"), the Securities Commissioner, during regular business hours and without notice, may inspect a registered dealer to ensure compliance with the Texas Securities Act and the Board Rules, and examine and copy books and records pertinent to the inspection.
- f. Pursuant to Section 13-1.0 of the Texas Securities Act and §115.7(c) of the Board Rules, the Respondent was required to provide the Staff during the Inspection with immediate and

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complete access to the Respondent's office, place of business, files, safe, and any other location in which books and records pertinent to the Inspection were located, and to allow the Staff to make copies of such books and records.

- g. During the Inspection, the Respondent, by and through Mr. Dykes, refused to give the Staff access to the entire place of business, files and to all of the books and records pertinent to the Inspection.
- h. Pursuant to §115.5(b) and §115.5(e)(1)(A) of the Board Rules, the Respondent was required to make and keep current in an easily accessible place certain records, including but not limited to: ledgers (including general ledgers); blotters (or other journals of original entry); and other ledgers (including statements of all income and expense).
- i. During the Inspection, the Respondent, by and through Mr. Dykes, failed to provide the Staff with some of the requested documents that were required to be made and kept current in an easily accessible place.
- j. Pursuant to §115.7(e) of the Board Rules, the Staff may require that all records maintained by a registered dealer pursuant to the Board Rules, and all other records maintained in the normal course of business of the registered dealer, be made available within 48 hours at any office of the Texas State Securities Board as designated by the Staff, or within such greater time period as the Staff deems reasonable.
- k. On or about January 12, 2007, the Staff hand delivered to the Respondents' office a written request letter ("First Request Letter") for records and information concerning the Respondent and Mr. Dykes. The First Request Letter required the Respondent and Mr. Dykes to make the requested records and information available at the Houston Branch Office ("HBO") of the Texas State Securities Board by no later than January 17, 2007. The requested information was information deemed necessary by the Securities Commissioner to determine the Respondent and Mr. Dykes business repute. The Respondent and Mr. Dykes failed to deliver any of the requested records or information by January 17, 2007. During the weeks after January 12, 2007, several specific extensions were granted by the Staff and only part of the requested records and information were made available by the Respondent and Mr. Dykes to the Staff.

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- i. On or about January 23, 2007 and January 26, 2007, the Staff issued two written follow-up request letters for records and information to the Respondent and Mr. Dykes which clarified the requests in the First Request Letter, and identified the requested documents and information which the Respondent and Mr. Dykes had failed to provide. The documents and information requested by the January 23, 2007 follow-up letter were required to be made available by the Respondent and Mr. Dykes at the HBO by January 26, 2007. The documents and information requested by the January 26, 2007 follow-up letter were required to be made available by the Respondent and Mr. Dykes at the HBO by February 1, 2007. During the weeks after January 23, 2007, the Staff again granted extensions and only part of the requested records and information were made available by the Respondent and Mr. Dykes to the Staff.
- m. On or about February 7, 2007, the Staff issued another follow-up letter to the Respondent and Mr. Dykes summarizing the requested documents and information which had been provided by the Respondent and Mr. Dykes to the Staff, and again requested all of the documents and information that had not been made available by the Respondent and Mr. Dykes to the Staff at the HBO. The documents and information requested in the February 7, 2007 follow-up letter were required to be made available by the Respondent and Mr. Dykes at the HBO by February 9, 2007. The Staff again granted extensions, but the Respondent and Mr. Dykes failed to make available any of the remaining documents or information to the Staff at the HBO.
- n. Pursuant to §101.2(c) and §133.33(a)(3) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including the Uniform Application for Broker-Dealer Registration ("Form BD") and the Uniform Application for Securities Industry Registration or Transfer ("Form U-4"), have been adopted as Board Rules and have the same force and effect.
- o. Pursuant to Section 115.2(e)(2) of the Board Rules, uniform forms submitted through the Central Registration Depository System maintained by the NASD, Inc., including the Form BD and the Form U-4 that designate the State of Texas as a jurisdiction in which the filing is to be made, are deemed to be filed with the Securities Commissioner and constitute official records of the Texas State Securities Board.

- p. The information required to be reported on the Form BD and Form U-4 is deemed necessary by the Securities Commissioner to determine a person's business repute or qualifications.
- q. Pursuant to §115.9(a)(6) of the Board Rules, each registered securities dealer and each registered agent shall report to the Securities Commissioner, within thirty (30) days, any change in any information previously disclosed to the Securities Commissioner on any application form or filing.
- r. On or about August 8, 2005, the Respondent filed a Form BD with the Securities Commissioner.
  - (A) Item No. 11.G of the August 8, 2005 Form BD required an answer of "YES" or "NO" to the question: "Is the applicant or a control affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of 11C, D or E?"
  - (B) Item No. 11.D (2) of the August 8, 2005 Form BD asked whether any state regulatory agency has ever found the applicant or a control affiliate to have been involved in a violation of investment-related regulations or statutes.
  - (C) Item No. 11.D (5) of the August 8, 2005 Form BD asked whether any state regulatory agency has ever revoked the applicant's registration by order.
  - (D) Item No. 11.G of the August 8, 2005 Form BD was answered "NO".s. On or about March 9, 2007, the Staff issued a Notice of Hearing which provided official notice to the Respondent and Mr. Dykes that the Texas State Securities Board had initiated a formal administrative action before the State Office of Administrative Hearings for findings of violations of investment-related regulations and statutes, and for revocation of the Respondent and Mr. Dykes registrations.
- t. On or about April 27, 2007, the Respondent filed an amended Form BD with the Securities Commissioner. The Execution section of this Form BD was executed by the Respondent, by and through Mr. Dykes, and stated therein:

"The undersigned and applicant represent that the information and statements contained herein, including exhibits attached thereto, and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and applicant further represent that to the extent any information previously submitted is not amended such information is currently accurate and complete."

- u. Item No. 11.G of the April 27, 2007 Form BD continued to be answered "NO", thereby failing to disclose that the Respondent and Mr. Dykes were the subject of a regulatory proceeding that could result in any state regulatory agency finding the applicant or a control affiliate to have been involved in a violation of investment-related regulations or statutes, or any state regulatory agency ever revoking the applicant's registration by order.
- v. To date, the Respondent has not filed a Form BD with the Securities Commissioner changing the previously reported information for Item No. 11.G of its Form BD from "NO" to "YES".
- w. On or about February 26, 2002, Mr. Dykes filed a Form U-4 with the Securities Commissioner. Item No. 9 of the Signature section of this Form U-4 stated:

"I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete."
- x. On or about August 14, 2002, Mr. Dykes filed another Form U-4 with the Securities Commissioner.
  - (A) Item No. 14.G (1) of the August 14, 2002 Form U-4 required an answer of "YES" or "NO" to the question: "Have you been notified, in writing, that you are now the subject of any: (1) regulatory complaint or proceeding that could result in a "yes" answer to any part of 14C, D or E?"
  - (B) Item No. 14.D (2) of the August 14, 2002 Form U-4 asked whether any state regulatory agency has ever found you to have been involved in a violation of investment-related regulation(s) or statute(s).

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- (C) Item No. 14.D (5) of the August 14, 2002 Form U-4 asked whether any state regulatory agency has ever revoked your registration by order.
  - (D) Item No. 14.G (1) of the August 14, 2002 Form U-4 was answered "NO".
- y. To date, Mr. Dykes has not filed a Form U-4 with the Securities Commissioner changing the previously reported information for Item No. 14.G (1) of his Form U-4 from "NO" to "YES".

**CONCLUSIONS OF LAW**

- a. During the Inspection, the Respondent, by and through Mr. Dykes, failed to provide the Staff with immediate and complete access to the Respondent and Mr. Dykes place of business, files and books and records, in violation of Section 13-1.0 of the Texas Securities Act and §115.7(c) of the Board Rules.
- b. The Respondent failed to make and keep current certain documents in an easily accessible place, in violation of §115.5(b) and §115.5(e)(1)(A) of the Board Rules.
- c. The Respondent and Mr. Dykes repeatedly failed and thereby refused to furnish information requested by the Staff of the Securities Commissioner that was necessary to determine the Respondent and Mr. Dykes business repute.
- d. The Respondent, by and through Mr. Dykes, failed to report a change in the information reported in Section 11.G of the August 8, 2005 Form BD within thirty (30) days after the March 9, 2007 Notice of Hearing, in violation of §115.9(a)(6) of the Board Rules.
- e. The Respondent, by and through Mr. Dykes, filed the April 27, 2007 Form BD with the Securities Commissioner which included incorrect information in Section 11.G in violation of the Board Rules and constituted a material misrepresentation to the Securities Commissioner in connection with information deemed necessary to determine business repute or qualifications.
- f. Mr. Dykes failed to report a change in the information reported in Section 14.G(1) of the August 14, 2002 Form U-4 within thirty (30) days after the March 9, 2007 Notice of Hearing, in violation of §115.9(a)(6) of the Board Rules.

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- g. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order revoking the registration of the Respondent and Mr. Dykes. With the Securities Commissioner.
  - h. Pursuant to Section 14.A(7) of the Texas Securities Act, the foregoing material misrepresentation and refusals to furnish information constitute bases for an order revoking the Respondent' and Mr. Dykes registrations with the Securities Commissioner.
4. That the Respondent had notice and opportunity to contest the matters in controversy but chose to settle the matter with the State of Texas.
  5. That Section 8.E(1)(k) of the Act provides, inter alia, that the registration of a dealer may be revoked if the Secretary of State finds that such dealer has had any Order entered against it after Notice and Opportunity for hearing by a securities agency of any State arising from any fraudulent or deceptive act or a practice in violation of any statute, rule or regulation administered or promulgated by the agency.
  6. That the Respondent failed to file an amendment to it's U-4 Form to reflect the revocation by the State of Texas.
  7. That Section 8.B(11) of the Act provides, inter alia, that any change which renders no longer accurate any information contained in any application for registration or re-registration as a dealer shall be reported to the Secretary of State within 10 business days after the occurrence of such change.
  8. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
  9. That virtue of its failure to amend its U-4 form to reflect the Texas revocation Respondent violated Section 12.D of the Act
  10. That Section 8.E(1)(g) of the Act provides that the registration of a dealer may be revoked if it has violated any of the provisions of this Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a dealer **in the State** of Illinois is subject to revocation pursuant to Sections 8.E(1)(k) and 8.E(1)(g) of the Act.

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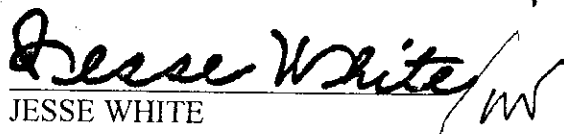
WHEREAS, by means of the Stipulation Respondent, One Financial Securities, Ltd., has acknowledged and agreed that its registration as a dealer in the State of Illinois shall be revoked.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent's registration as a dealer in the State of Illinois shall be and is REVOKED.
2. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 24<sup>th</sup> day of April 2008.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Daniel A. Tunick  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-3384