

State of Missouri
Office of Secretary of State

Case No. AP-09-35

IN THE MATTER OF:

JOLEE M. MARTIN,
CRD Number 2452488

Respondent.

Serve JoLee Martin at:
3647 Kennett Drive
St. Charles, Missouri 63301

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY CIVIL
PENALTIES AND COSTS SHOULD NOT BE IMPOSED**

On August 11, 2009, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through its Assistant Commissioner, Mary S. Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed and Petition for Order of Revocation of Agent Registration and Imposition of a Civil Penalty and Petition to Impose Fine Suspended in Prior Consent with Respondent. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

Respondent and Related Parties

1. JoLee M. Martin ("Martin") was a World Financial Group ("World Financial") associate and was a Missouri-registered agent with World Group Securities, Inc. ("World Group"), from October 2003 through June 2008. Martin was a Missouri-registered investment adviser representative with Investment Advisers International, Inc. ("IAI"), from June 2007 through August 2007. At all times relevant to this matter, Martin worked out of World Group's Chesterfield branch. Martin is currently a Missouri-registered agent with Brookstone Securities, Inc. ("Brookstone"). Martin is registered in Missouri through the Central Registration Depository ("CRD") system and has CRD number of 2452488. Martin has an address of 3647 Kennett Drive, St. Charles, Missouri 63301.
2. World Group is a Delaware corporation with an address of 11315 Johns Creek Parkway, Duluth, Georgia 30097-1517. World Group has been registered in Missouri through the CRD system as a broker-dealer since January 2002. World Group has a CRD number of 114473. World Group had a branch office in Missouri located at 16690 Swingley Ridge Road Suite 100, Chesterfield, Missouri 63017.
3. During the period that Martin was registered as an agent of World Group, Martin was also associated with a marketing firm, World Financial. Martin has also been a Missouri-licensed insurance agent since May 13, 1994.
4. World Financial is a Delaware corporation with an address of 11315 Johns Creek Parkway, Duluth, Georgia 30097-1517. World Financial is a marketing firm for its affiliated companies, including World Group and IAI. World Financial is not registered as a broker-dealer or an investment adviser in the State of Missouri. World Financial has a branch office at the same location as the World Group branch office in Chesterfield, Missouri (both hereinafter referred to as the "Chesterfield Branch").
5. IAI is a Delaware corporation with an address of 11315 Johns Creek Parkway, Duluth, Georgia 30097-1517. IAI has been a Missouri-registered investment adviser since May 17, 2006, with the Investment Advisers Registration Depository ("IARD") system and has an IARD number of 139233.
6. Mark Andrew McEwen ("McEwen") was a Missouri-registered agent with World Group Securities, Inc. ("World Group"), a Missouri-registered broker-dealer. McEwen was registered in Missouri through the CRD system and has a CRD number of 4613500. McEwen was registered with World Group in Missouri from March 2003 through September 15, 2008. McEwen has an address of 2403 Charam, Saint Peters, Missouri 63301.
7. As used herein, the term "Respondent" refers to Martin.

Martin Consent Order

8. On November 27, 2006, the Missouri Commissioner of Securities issued a Consent Order, *In the matter of JoLee M. Martin, CRD #2452488*, Missouri Commissioner of Securities 2006 ("Martin Consent Order"). The Martin Consent Order, among other things:

- a. suspended Martin's Missouri agent registration for four (4) months;
 - b. imposed a civil penalty upon Martin of twenty five thousand dollars (\$25,000); twenty thousand dollars (\$20,000) of that civil penalty was suspended provided that Martin complied with the terms of the Martin Consent Order; and
 - c. prohibited Martin, for a period of five (5) years, from:
 - i. selling variable annuities or **handling**, managing or providing advice related to **any accounts for an individual over the age of 65**; (Emphasis added)
 - ii. selling equity-indexed annuities; and
 - iii. serving as a supervisor.
9. On April 22, 2009, The Missouri Department of Insurance, Financial Institutions, and Professional Registration executed a Voluntary Forfeiture Agreement against Martin for failing to disclose the November 27, 2006, Consent Order to the Department. Martin was ordered to forfeit the sum of two hundred and fifty dollars (\$250). 1
10. On November 6, 2008, an investigator with the Enforcement Section contacted an eighty-three (83) year-old Illinois resident ("IR"). IR had been Martin's customer at World Group and the account was taken over by McEwen when Martin's agent registration was suspended in Missouri. IR stated, among other things, that:
- a. McEwen and Martin came to IR's house three times from November 2007 to June 2008, and requested money;
 - b. IR wrote three checks to McEwen for a total of one hundred and thirty thousand dollars (\$130,000); and
 - c. IR understood that this money was to take care of IR's accounts at World Group and to help McEwen start a securities business.
11. On October 11, 2008, the investigator obtained new account forms for IR and several other customers at World Group. The investigator found new account forms for IR and for several Missouri customers that appeared to have been completed by a person other than McEwen. 1
12. The investigator obtained a copy of a document titled, World Group Non-Registered Person Conduct Guide ("World Group Conduct Guide"). The World Group Conduct Guide, stated a non-registered person may not, among other things:
- a. make suitability determinations;
 - b. process or transmit orders to purchase or sell securities;
 - c. pre-screen potential clients;
 - d. engage in the solicitation of securities;
 - e. **open new accounts or assist in preparation of new account forms** (emphasis added); or
 - f. take orders from customers.
13. On December 2, 2008, the Enforcement Section sent a subpoena to McEwen to appear on January 2, 2009, for an on-the-record interview ("McEwen OTR").
14. During the McEwen OTR, McEwen stated, among other things, the following:
- a. McEwen took over IR's accounts at World Group because Martin was suspended;
 - b. McEwen went to IR's home "all the time;" and
 - c. Martin was McEwen's assistant and that until sometime in 2007, all the assistants signed forms for their superiors.
15. On December 2, 2008, the Enforcement Section sent a subpoena to Martin to appear on January 2, 2009, for an on-the-record interview ("Martin OTR").
16. During the Martin OTR, Martin stated, among other things, the following:
- a. her securities registration with World Group was suspended by the Commissioner of Securities in Missouri in 2006;
 - b. during the period she was suspended, she worked as an assistant for McEwen who was then a Marketing Director at World Financial and a registered agent of World Group;
 - c. during the period of Martin's suspension McEwen paid Martin's salary;

- d. as McEwen's assistant, Martin completed new account forms for McEwen's customers and signed McEwen's name on these new account forms;
- e. Martin filled out and signed McEwen's name to new account forms for IR; and
- f. Martin filled out and signed McEwen's name to new account forms for other McEwen customers at World Group.

II. STATUTORY PROVISIONS

- 17. Section 409.6-601(a), RSMo. (Cum. Supp. 2008), provides that the Missouri Securities Act of 2003 "shall be administered by the commissioner of securities"
- 18. Section 409.1-102(1), RSMo. (Cum. Supp. 2008), defines "Agent" as "an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities."
- 19. Section 409.1-102(26), RSMo. (Cum. Supp. 2008), defines "Sale" to include, "every contract of sale, contract to sell, or disposition of, a security or interest in a security for value." That same section defines "offer to sell" as "every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."
- 20. Section 409.1-102(28), RSMo. (Cum. Supp. 2008), provides the definition of a "Security." That definition includes:

a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.
- 21. Section 409.4-412(b), RSMo. (Cum. Supp. 2008), states:

If the commissioner finds that the order is in the public interest and subsection (d) authorizes the action an order issued under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser. However, the commissioner:
- 22. Section 409.4-412(c), RSMo. (Cum. Supp. 2008), states:

If the commissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of five thousand dollars for a single violation or fifty thousand dollars for several violations on a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having similar functions or any person directly or indirectly controlling the broker-dealer or investment adviser.
- 23. Section 409.4-412(d), RSMo. (Cum. Supp. 2008) states:

A person may be disciplined under subsections (a) to (c) if the person:

 - . . . (2) Willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten years;
 - . . . (12) Is the subject of a cease and desist order issued by the Securities and Exchange Commission or issued under the securities, commodities, investment, franchise, banking, finance, or insurance laws of the state;
 - . . . (13) Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years.
- 24. Section 409.4-412(k), RSMo. (Cum. Supp. 2008) states:

If a proceeding is instituted to revoke or suspend a registration of any agent . . . pursuant to subsection (b), the commissioner shall refer the matter to the administrative hearing commission. The administrative hearing commission shall conduct hearings and make finding of fact and conclusions of law in such cases. The commissioner shall have the burden of proving a ground for suspension or revocation pursuant to this act. The administrative hearing commission shall submit its findings of fact and conclusions of law to the commissioner for

final disposition.

25. Section 409.5-501, RSMo. (Cum. Supp. 2008), states:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

To employ a device, scheme, or artifice to defraud;

To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading; or

To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

26. Section 409.6-604(a), RSMo. (Cum. Supp. 2008), states:

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or that a person has materially aided . . . an act, practice or course of business constituting a violation of this act . . . the commissioner may:

Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary and appropriate to comply with this act;

Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under section 409.4-401(b)(1)(D) or (F) or an investment adviser under section 409.4-403(b)(1)(C); or Issue an order under section 409.2-204.

27. Section 409.6-604(d), RSMo. (Cum. Supp. 2008), states:

In a final order . . . the commissioner may impose a civil penalty up to one thousand dollars (\$1,000) for a single violation or up to ten thousand dollars (\$10,000) for more than one violation.

28. Section 409.6-604(e), RSMo. (Cum. Supp. 2008), states:

In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

III. CONCLUSIONS OF LAW

Multiple Violations of Making an Untrue Statement or Omitting to State Material Facts in Connection with the Offer or Sale of a Security

29. Paragraphs 1 through 28 are incorporated by reference as though fully set forth herein.

30. In connection with the offer, sale or purchase of a security, Respondent omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:

a. Respondent failed to disclose to IR that:

i. Martin was prohibited from handling IR's accounts and from completing IR's new account forms by the World Group Conduct Guide;

ii. Martin was prohibited from handling IR's accounts by the Martin Consent Order; and/or

iii. Martin was signing McEwen's name to IR's new account forms at World Group in violation of the World Group Conduct Guide.

b. Respondent failed to disclose to World Group that:

i. Martin was signing McEwen's name to IR's new account forms at World Group;

ii. Martin was handling IR's accounts in violation of the Martin Consent Order;

iii. Martin was violating the World Group Conduct Guide by handling IR's accounts and completing IR's new account forms; and/or

iv. Martin was violating the World Group Conduct Guide by signing McEwen's name to new account forms for

other McEwen customers.

31. Respondent violated Section 409.5-501(2), RSMo. (Cum. Supp. 2008), when in connection with the offer or sale of a security, she omitted to state material facts as described in paragraph 31, above.
32. Respondent's actions in omitting to state material facts in connection with the offer or sale of securities constitute illegal acts, practices, or courses of business and such actions are therefore subject to the commissioner's authority under Section 409.6-604(a), RSMo. (Cum. Supp. 2008).
33. This Order is in the public interest and consistent with the purposes intended by the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2008).

IV. Order

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this Order are prohibited from violating or materially aiding in any violation of Section 409.5-501(2), RSMo. (Cum. Supp. 2008), by, in connection with the offer or sale of securities, omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2008), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars (\$10,000) against Respondent for multiple violations of Section 409.5-501(2), RSMo. (Cum. Supp. 2008), in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an award for the costs of the investigation against Respondent in this proceeding, the Commissioner will issue a final order pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2008), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondent requests a hearing and shows cause why an award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 25TH DAY OF AUGUST, 2009.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

State of Missouri
Office of Secretary of State

Case No. AP-09-35

IN THE MATTER OF:

JOLEE M. MARTIN,
CRD Number 2452488

Respondent.

Serve JoLee Martin at:
3647 Kennett Drive
St. Charles, Missouri 63301

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to § 409.6-604(b), RSMo Supp. 2005, and 15 CSR 30-55.020.

A request for a hearing must be mailed or delivered, in writing, to:

Matthew D. Kitz, Commissioner of Securities
Office of the Secretary of State, Missouri
Kirkpatrick State Information Center
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of August, 2009, copies of the foregoing Order and Notice in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

JoLee Martin
3647 Kennett Drive
St. Charles, Missouri 63301

And hand delivered to:

Mary S. Hosmer
Assistant Commissioner
Securities Division

John Hale
Specialist