

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 29, 2002

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2000-000

ADVISORY FINANCIAL GROUP, INC.,
and RICK LOOKER,

Defendants

JUDGMENT ORDER

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On September 26, 2000, the State Corporation Commission ("Commission") issued a Rule to Show Cause against Advisory Financial Group, Inc. ("AFG") and Rick Looker (collectively referred to as "Defendants"), alleging that the Defendants violated the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, by offering and selling securities in violation of § 13.1-507 of the Act and that the Defendants made untrue statements of material fact in the offer and sale of said securities in violation of § 13.1-502 (2) of the Act.

Further, the Rule alleged that Defendant AFG offered and sold the securities as an unregistered broker-dealer in violation of § 13.1-504 A of the Act and that Mr. Looker offered and sold said securities as an unregistered agent of AFG in violation of § 13.1-504 B of the Act.

Effective April 9, 2002, the new Case Management System requires that the case number format for all Commission orders change from, e.g., PUE010663 to the following: PUE-2001-00663.

The Defendants appeared before the Commission's Hearing Examiner on November 7, 2002, to show cause why they should not be penalized pursuant to § 13.1-521 of the Act; permanently enjoined pursuant to § 13.1-519 of the Act; and assessed the costs of investigation pursuant of § 13.1-518 of the Act. The Defendants were to file a responsive pleading on October 20, 2000.

On October 25, 2000, by Hearing Examiner ruling, Defendants were provided additional time to file an answer. Said answer was filed on November 6, 2000.

The hearing scheduled for November 7, 2000, was conducted and concluded on November 20, 2000. Transcripts of this hearing were filed and the Division and the Defendants filed simultaneous briefs on January 18, 2001.

On January 25, 2002, the Hearing Examiner issued her Report setting forth her recommendation that the Commission:

1. Adopts the findings and recommendations contained in the Hearing Examiner's Report;
2. Penalizes Defendant AFG, pursuant to § 13.1-521 of the Act, the sum of \$35,000 for 33 violations of § 13.1-507 of the Act for selling unregistered securities, for violation of § 13.1-504 B of the Act for employing an unregistered agent selling those securities, and for violation of § 13.1-502 (2) of the Act for making untrue statements of material facts and

omissions of material facts in the offer and sale of those securities;

3. Penalizes Defendant Looker, pursuant of § 13.1-521 of the Act, the sum of \$35,000 for 33 violations of § 13.1-507 of the Act for selling unregistered securities, for violation of § 13.1-504 A of the Act for selling securities as an unregistered agent, and for violation of § 13.1-502 (2) of the Act for making untrue statements of material facts and omissions of material facts in the offer and sale of those securities;

4. Permanently enjoins Defendants, pursuant to § 13.1-519 of the Act from transacting the business of offering and selling securities in the Commonwealth of Virginia; and

5. Dismisses this matter from the docket of active cases.

On February 15, 2002, Defendants filed a Motion for Extension of Time to file comments to the Hearing Examiner's Report. The Commission granted said request for extension on February 26, 2002. The time was extended to March 22, 2002. The Defendants filed no comments.

Upon consideration of the Hearing Examiner's Report and the record in this case, the Commission is of the opinion and finds as follows:

1. Defendant AFG violated §§ 13.1-507, 13.1-504 B, and 13.1-502 (2) of the Act.

2. Defendant Looker violated §§ 13.1-507, 13.1-504 A, and 13.1-502 (2) of the Act.

Accordingly, IT IS ADJUDGED AND ORDERED THAT:

(1) Defendant AFG is penalized \$35,000 for 33 violations of § 13.1-507 of the Act for selling unregistered securities, violation of § 13.1-504 B of the Act for employing and unregistered agent selling those securities, and violation of § 13.1-502 (2) of the Act for making untrue statements of material facts and omissions of material facts in the offer and sale of those securities.

(2) Defendant Looker is penalized \$35,000 for 33 violations of § 13.1-507 of the Act for selling unregistered securities, for violation of § 13.1-504 A of the Act for selling securities as an unregistered agent, and for violation of § 13.1-502 (2) of the Act of making untrue statements of material facts and omissions of material facts in the offer and sale of those securities.

(3) Defendants are permanently enjoined, pursuant to § 13.1-519 of the Act from transacting the business of offering and selling securities in the Commonwealth of Virginia.

(4) This case is dismissed from the docket of active cases.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Rick Looker, Advisory Financial Group Inc., 501

Pleasant Hall Drive, Virginia Beach, Virginia 23464; William
Brandon Baade, Esquire, Tyler Town Center, 202 North College
Street, Floor 14, Tyler, Texas 75702; Michael L. Rigsby,
Esquire, 9030 Stony Point Parkway, Suite 160, Richmond, Virginia
23235; and Troy Titus, P.C., 5221 Indian River Road, Virginia
Beach, Virginia 23464.