

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Texas State Securities Board

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MEMBER

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208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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JACK D. LADD
MEMBER

BRYAN K. BROWN
MEMBER

SSB Docket No. 03-031

IN THE MATTER OF THE
INVESTMENT ADVISER REPRESENTATIVE
AND AGENT REGISTRATIONS OF
RUSSELL KENT CHILDS

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§

Order No. CAF-1523

TO: Russell Kent Childs (CRD # 1192883)
IMS Securities, Inc.
1500 City West Boulevard, Suite 500
Houston, Texas 77042

DISCIPLINARY ORDER REPRIMANDING AND FINING AN AGENT AND AN INVESTMENT ADVISER REPRESENTATIVE

Be it remembered that Russell Kent Childs ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and without admitting or denying the Findings of Fact and Conclusions of Law, except for Findings of Fact number one, consented to the entry of this Order, and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

- Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2003) ("Administrative Procedure Act").
- On or about July 16, 1999, Respondent registered with the Securities Commissioner as an agent and investment adviser representative of IMS Securities, Inc. ("IMS"), which are currently effective.
- From on or about April 6, 1994, to on or about December 31, 2000, Respondent was registered with the Securities Commissioner as an investment adviser doing business as Wealth Management Advisors ("WMA").

4. From on or about January 1, 2001, to the present, Respondent has done business as WMA while registered as an agent and investment adviser representative of IMS.
5. Respondent has not disclosed WMA as an assumed name with the Securities Commissioner while registered as an agent and investment adviser representative of IMS.
6. In or about May, 2000, Respondent, on behalf of IMS, obtained a Texas client (the "Client"). Respondent recommended that the Client sell municipal bond holdings and make early withdrawals from certificates of deposit in order to purchase variable annuities. On or about August 15, 2000, these securities holdings were liquidated by IMS by and through Respondent.
7. On or about January 10, 2002, Respondent received a customer complaint from the Client that alleged unauthorized trades, misrepresentations, unsuitable recommendations, and damages in excess of \$58,000.00.
8. On or about January 15, 2002, the Client transferred his accounts to another broker.
9. On or about February 12, 2002, Respondent settled the Client's complaint with a payment by check to the Client.
10. On or about April 1, 2002, out of consideration for the Client's financial situation, Respondent made an additional cash payment to the Client as further payment for the settlement of the Client's complaint.
11. On or about April 9, 2002, Respondent disclosed the Client's complaint on Respondent's Form U-4, but did not disclose the additional cash payment paid as part of the settlement on the Client's complaint.
12. The Form U-4 requires disclosure of any customer complaints that are sales practice-related and allege damages of \$5,000.00 or more, and those customer complaints that are settled for an amount of \$10,000.00 or more.
13. Section 115.9(a)(6) of the Rules and Regulations of the Texas State Securities Board ("Board Rules") requires disclosure to the Securities Commissioner, within thirty (30) days of receipt, of any change in information previously disclosed to the Securities Commissioner on any application, which includes all customer complaints required to be disclosed by the Form U-4.
14. Pursuant to Sections 101.2(c) and 133.33(a)(4) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including the Form U-4, have been adopted as Board Rules.

CONCLUSIONS OF LAW

1. Respondent's failure to disclose WMA as an assumed name with the Securities Commissioner constitutes an inequitable practice in the sale of securities.
2. Respondent's recommendation that the Client sell other securities holdings in order to purchase variable annuities was an unsuitable recommendation, which constitutes an inequitable practice in the sale of securities.
3. Respondent's failure to amend the Form U-4, filed with the Securities Commissioner as an agent of IMS, to disclose the Client's complaint and settlement within 30 days, as required by Section 115.9(a)(6) of the Board Rules and the Form U-4, constitutes a violation of the Board Rules.
4. Respondent's failure to disclose required information on Respondent's Form U-4, filed with the Securities Commissioner, constitutes a material misrepresentation to the Securities Commissioner in connection with information deemed necessary to determine the Respondent's business repute or qualifications.
5. Pursuant to Sections 14.A(3), 14.A(6), and 14.A(7) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding an agent and investment adviser representative.
6. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against an agent and investment adviser representative.

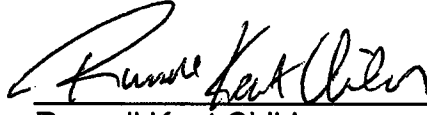
ORDER

1. It is therefore ORDERED that Russell Kent Childs is hereby REPRIMANDED.
2. It is further ORDERED that Russell Kent Childs is ASSESSED AN ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$5,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five Thousand Dollars (\$5,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
3. Respondent is further ORDERED that Russell Kent Childs COMPLY with the terms of the Undertaking incorporated by reference herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 1st day of August, 2003.

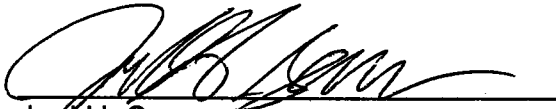

DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

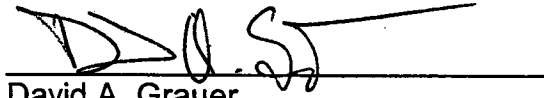


Russell Kent Childs

Approved as to Form:



Joel H. Sauer
Assistant Director
Inspections and Compliance Division



David A. Grauer
Director
Enforcement Division

ACKNOWLEDGMENT

On the 29 day of July, 2003, Russell Kent Childs ("Respondent") personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent has read the foregoing Order;
2. Respondent has been fully advised of his rights under The Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

Melene Hunsley
Notary Public in and for
the State of *Texas*

My commission expires on: 8-15-05

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SECURITIES COMMISSIONER



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IN THE MATTER OF THE AGENT AND INVESTMENT ADVISER REGISTRATIONS OF RUSSELL KENT CHILDS

TO: Russell Kent Childs (CRD # 1192883)
IMS Securities, Inc.
1500 City West Boulevard, Suite 500
Houston, Texas 77042

Jackie Wadsworth, President
IMS Securities, Inc. (CRD # 35567)
1500 City West Boulevard, Suite 500
Houston, Texas 77042

UNDERTAKING FILED WITH THE SECURITIES COMMISSIONER OF TEXAS

Comes Now, IMS Securities, Inc. ("IMS"), duly licensed with the Texas State Securities Board (the "Securities Board") as a securities dealer and investment adviser, and Russell Kent Childs ("Childs"), duly licensed with the Securities Commissioner as an agent and investment adviser representative, who, solely for the purpose of settlement of a current enforcement matter, enters into the following Undertaking with the Securities Commissioner of the State of Texas ("Securities Commissioner") and makes the following representations:

1. IMS undertakes and agrees to carefully supervise all of Childs' activities in connection with his employment and will review and approve all sales of securities effectuated by Childs to ensure that such activities are in compliance with the Texas Securities Act and the rules and regulations promulgated thereunder.
2. Childs undertakes and agrees to not use the name "Wealth Management Advisors" until this outside entity is properly disclosed to the Securities Commissioner on the Form U-4.

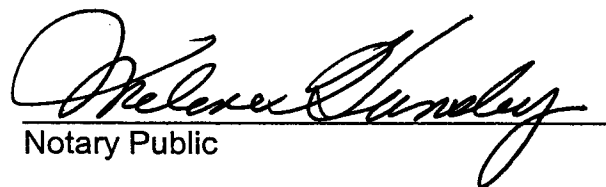
3. Childs further undertakes and agrees to clearly disclose, on all business cards and stationary, that the securities and investment advice Childs provides are in his capacity as an agent and investment adviser representative of IMS.
4. Childs further undertakes and agrees to not engage in any unauthorized or unsuitable transaction in the account of any customer or make any oral representation concerning risk, prior performance, potential return, payout, or the status of any security that is materially misleading in light of statements made in the prospectus of such security.
5. Childs further undertakes and agrees to not recommend the sale of one product of which a client has already paid a commission or penalty, in order to purchase another product on which Childs will be paid a commission, without first obtaining a signed acknowledgment from the client that they understand the commissions and fees involved.
6. IMS further undertakes and agrees that an IMS principal will review and approve the scripts of any seminars conducted by Childs before the seminars are conducted.
7. IMS further undertakes and agrees that, at least once a year, an IMS principal will visit seminars conducted by Childs to ensure compliance with IMS' policies and procedures.
8. IMS and Childs further undertake and agree that Childs will not act in any supervisory capacity and will be directly supervised by a principal of IMS who is not subject to any statutory disqualification.
9. IMS and Childs further undertake and agree that they will take such measures as are reasonably necessary to ensure that Childs complies with the terms of this Undertaking.
10. IMS further undertakes and agrees to conduct a written review, at least annually, of all of Childs' customer accounts reasonably designed to ensure compliance with the provisions of this Undertaking. IMS further undertakes and agrees that this review will be conducted by a principal of IMS who is not subject to any statutory disqualification, and the review will be memorialized in a written document which will allow the Securities Board to determine from the face of the written document the methodology, criteria evaluated, and outcome of the review if production is requested. IMS further undertakes and agrees to provide a copy of such review(s) upon request of the Securities Board.
11. IMS and Childs further undertake and agree that Childs will, within ten (10) business days of receipt by Childs, promptly deliver or cause to be delivered to IMS any written customer complaint in which Childs' name appears or in which Childs is otherwise involved.

12. IMS and Childs further undertake and agree that, IMS and Childs will, within fifteen (15) business days of receipt by IMS or Childs (whichever is earlier), promptly deliver or cause to be delivered to the Director of Inspections and Compliance of the Securities Board, any written customer complaint in which Childs' name appears or in which Childs is otherwise involved.
13. IMS and Childs file this Undertaking with the Securities Commissioner with the understanding that a violation of any provision imposing an affirmative duty upon IMS or Childs, pursuant to the terms of this Undertaking herein, constitutes a basis for disciplinary proceedings against either pursuant to Section 14 of the Texas Securities Act and may subject either to criminal penalties pursuant to Section 29.E of the Texas Securities Act.
14. As long as there are no new securities sales practice-related complaints against Childs, the terms of this Undertaking will expire two (2) years after the date of execution of this Undertaking. If a securities sales practice-related complaint is made against Childs during the two year period, the length of the undertaking may be extended up to one year from the date of the complaint at the discretion of the Director of Inspections and Compliance.

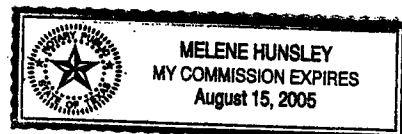


Russell Kent Childs

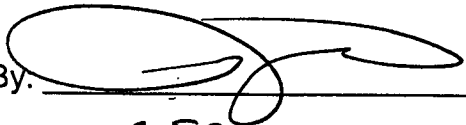
On the 30th day of JULY, 2003, Russell Kent Childs personally appeared and acknowledged to me that he has voluntarily executed the foregoing Undertaking for the purposes stated therein.



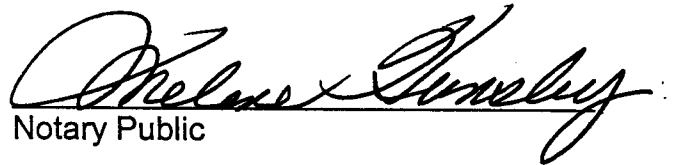
Notary Public



IMS Securities, Inc.

By: 
Title: C.E.O.

On the 30th day of July, 2003, JACKIE WADSWORTH personally appeared before me and voluntarily executed the foregoing Undertaking for the purposes stated therein and did duly acknowledge to me that he was authorized to execute the same on behalf of IMS Securities, Inc.


Notary Public

