

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



NICHOLAS C. TAYLOR
CHAIRMAN

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

State Securities Board

JOSE ADAN TREVINO
MEMBER

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

208 E. 10th Street, 5th Floor
Austin, Texas 78701
Phone (512) 305-8300
FAX (512) 305-8310
<http://www.ssb.state.tx.us>

KENNETH W. ANDERSON, JR.
MEMBER

SSB Docket No. 00-008

IN THE MATTER OF
FIRST FINANCIAL PLANNERS, INC.;
FFP SECURITIES, INC.; AND
FFP ADVISORY SERVICES, INC.

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§

Order No. SSO-1389

TO: First Financial Planners, Inc.
15455 Conway Road
Chesterfield, Missouri 63017-2022

FFP Securities, Inc. (CRD # 16337)
15455 Conway Road
Chesterfield, Missouri 63017-2022

FFP Advisory Services, Inc. (File # 24024)
15455 Conway Road
Chesterfield, Missouri 63017-2022

DISCIPLINARY ORDER

Be it remembered that First Financial Planners, Inc., FFP Securities, Inc. and FFP Advisory Services, Inc. ("Respondents") appeared before the Securities Commissioner of the State of Texas ("the Securities Commissioner"), and consented to the entry of this Order and Undertaking and, without admitting or denying them, the Findings of Fact and Conclusions of Law contained herein, except the first Finding of Fact which is admitted.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2000) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2000) ("Administrative Procedure Act").

2. First Financial Planners, Inc. is a Missouri corporation and the parent company of FFP Securities, Inc. and FFP Advisory Services, Inc. (collectively "FFP"). FFP Securities Inc. is a general securities dealer registered with the Securities Commissioner. FFP Advisory Services is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and has filed a notice with the Securities Commissioner pursuant to Rule 115.1(i)(3) of the Rules and Regulations of the State Securities Board.
3. Roy Monroe Henry was the President, Chairman of the Board, Chief Executive Officer and is majority shareholder of First Financial Planners. Henry was registered with the Securities Commissioner as an agent of FFP Securities and FFP Advisory Services, and was President of both firms. Henry has an address of 2031 Kehrsboro Drive, Chesterfield, Missouri 63005.
4. As of March 8, 1999, FFP was registered to sell securities in all fifty states and the District of Columbia and FFP's sales force included 755 registered agents.
5. Between March 8-17, 1999, state securities examiners from Missouri, Illinois and South Dakota conducted an unannounced examination of books and records at FFP's home office. In conjunction with the home office examination of FFP, representatives of the Securities Commissioner of Texas and thirty-four other states conducted examinations of FFP branch offices in their respective jurisdictions (hereinafter, the "Multi-State Examination").
6. The examination revealed that FFP had failed to adequately supervise FFP's agents, adviser representatives and employees, in that FFP failed to establish sufficient supervisory procedures or to enforce existing supervisory procedures.
7. FFP and the Securities Commissioner desire to settle the allegations and matters raised by the Staff of the State Securities Board concerning FFP's activities.

UNDERTAKING

1. For a period of no less than two years from the date of the entry of this Order by the Securities Commissioner, FFP will hire and retain an in-house general counsel to enhance and maintain FFP's compliance and supervisory procedures.
2. For a period of no less than two years from the date of the entry of this Order by the Securities Commissioner, FFP will hire and maintain such additional compliance officers as are necessary to establish and enforce adequate compliance and supervisory procedures.
3. For a period of no less than two years from the date of the entry of this Order by the Securities Commissioner, FFP will hire and retain the services of a law firm to conduct an examination of FFP's Compliance Department and make such

recommendations as necessary to enhance and improve FFP's compliance and supervisory procedures.

4. For a period of no less than two years from the date of the entry of this Order by the Securities Commissioner, FFP will hire and retain a securities compliance expert to work with and enhance FFP's Compliance Department.
5. For a period of no less than two years from the date of the entry of this Order by the Securities Commissioner, FFP will hire and retain independent certified public accountants to effectuate a comprehensive audit of all private securities products issued by FFP, or any entity affiliated with FFP or Roy Henry.
6. FFP has offered certain notes to Texas investors. Upon execution of this Order, FFP will establish a Subordinated Note Reserve Fund; implement certain management changes; effectuate certain monthly Subordinated Note Reserve Fund and Note Interest Reserve Account contributions and otherwise prospectively act in accordance with and pursuant to the terms and conditions of the Agreement attached hereto and incorporated herein by reference as Exhibit A.
7. This Order constitutes and includes a waiver based on a finding of good cause by the Commissioner of any and all limitations and disqualifications that may ensue from the entry of this Order or other state orders entered in this matter, restrict or limit the business of FFP, its subsidiaries and affiliated persons or entities, past and present, or their ability to participate in offerings or avail themselves of exemptions, including, without limitation, the Uniform Limited Offering Exemption, as and to the extent now or hereafter adopted in the states participating herein, except to the extent specifically delineated in Exhibit A attached hereto.
8. This Order represents the complete and final resolution of, and discharge of any basis for any civil or administrative proceeding by the Securities Commissioner against FFP for violations arising as a result of or in connection with any actions or omissions by FFP, its officers, directors, shareholders, predecessors, subsidiaries and/or any of its associated or affiliated persons or entities, past and present; provided, however, this release does not apply to facts not known by the Securities Commissioner or Staff or not otherwise provided by FFP to the Multi-State Examination participants or the Securities Commissioner or Staff as of the date of the entry of this Order by the Securities Commissioner; provided, further, that this release does not apply to the sales practices of an individual in relation to soliciting investors' trades or accounts.
9. This Order, except as to the parties hereto, does not limit or create any person's private remedies against FFP or others, or FFP or others' defenses thereto.
10. Except as expressly provided in this Order, nothing herein is intended to or shall be construed to have created, compromised, settled, or adjudicated by claim, causes

of action, or right of any person, other than as between the Commissioner and FFP in accordance with this Order.

11. FFP stipulates and agrees that FFP waives any rights FFP may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order and, further, FFP specifically forever releases and holds harmless the State of Texas and its representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
12. Execution of this Order by the Securities Commissioner is without prejudice to the right of the Securities Commissioner to take enforcement action against FFP if the Commissioner determines that FFP has not strictly complied with any of the terms and conditions set forth herein.
13. This Order is binding on all successors and assigns.

CONCLUSIONS OF LAW

1. The conduct described in Finding of Fact No. 6 constitutes an inequitable practice in the sale of securities in violation of Section 14.A(3) of the Texas Securities Act.

ORDER

1. Respondents are hereby ORDERED to comply with the terms of their Undertaking.

SIGNED AND ENTERED THIS 6th day of March, 2000.



DENISE VOIGT CRAWFORD
Securities Commissioner

Respondents:

First Financial Planners, Inc.



Robert Rodermund, President

FFP Securities, Inc.



Robert Rodermund, President

FFP Advisory Services, Inc.



Robert Rodermund, President

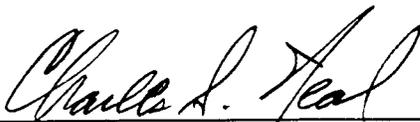
Approved as to Form:



Michael S. Gunst, Director
Dealer Registration Division



David A. Grauer, Director
Enforcement Division

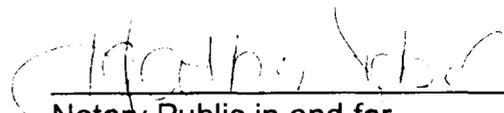


Charles S. Neal, Assistant Director
Enforcement Division

ACKNOWLEDGMENT

On the 11 day of February, 2000, First Financial Planners, Inc.; FFP Securities, Inc.; and FFP Advisory Services, Inc. (Respondents), by and through Robert Rodermund, their president, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Robert Rodermund is duly authorized to enter into the foregoing Order on behalf of Respondents;
2. Robert Rodermund has read the foregoing Order;
3. Respondents have been fully advised of their rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondents knowingly and voluntarily consent to the entry of the foregoing Order and without admitting or denying them, the Findings of Fact and Conclusions of Law contained therein, except the first Finding of Fact which is admitted; and,
5. Respondents, by consenting to the entry of the foregoing Order, have knowingly and voluntarily waived their rights as set forth therein.



Notary Public in and for
the State of Texas

[affix notary seal here]

My commission expires on: 2/21/02

EXHIBIT A

MULTI-STATE GLOBAL RESOLUTION AGREEMENT

This Agreement is made and entered into by and between First Financial Planners, Inc. ("FFP"), a Missouri corporation and the parent company and owner of FFP Securities, Inc. ("FFPS"), a registered broker-dealer, and FFP Advisory Services, Inc. ("FFPAS"), a registered investment advisor. First Financial Planners, FFP Securities and FFP Advisory Services and the undersigned state securities officials representing the securities divisions in their respective states seek to resolve certain issues arising from certain concerns regarding First Financial Planners, Inc. and its registered subsidiaries.

WITNESSETH:

WHEREAS, FFP is a Missouri corporation and the holding company and sole owner of FFPS, a Missouri registered broker-dealer, and FFPAS, a registered investment advisor; and

WHEREAS, Roy M. Henry ("Henry") has, prior to the date hereof, been the president of FFP, FFPS and FFPAS and Chairman of the Board of Directors and majority shareholder of FFP; and

WHEREAS, FFP and/or its subsidiaries, have, to date, issued and sold certain subordinated notes ("FFP Subordinated Notes"), a list of which is attached hereto, incorporated herein by reference and marked Schedule 1; and

WHEREAS, FFP and/or its subsidiaries, have, to date, issued and sold certain collateralized notes ("FFP Collateralized Notes"), a list of which is attached hereto, incorporated herein by reference and marked Schedule 2; and

WHEREAS, for purposes of this Agreement, the state securities administrators of the states of Missouri, Illinois and South Dakota constitute the review committee ("Review Committee"); and

WHEREAS, beginning on March 8, 1999, and continuing thereafter, a coordinated multi-state examination ("Examination") was conducted to examine, review, and inspect certain supervisory practices, compliance practices, operations, products, and sales practices of FFPS, FFPAS and Henry ("Subject Matter of the Examination"); and

WHEREAS, the Examination gave rise to the determination that a host of deficiencies and shortcomings existed with respect to the Subject Matter of the Examination; and

WHEREAS, in connection with the Subject Matter of the Examination, Henry entered into a Consent Order with the State of Missouri in which Henry admitted to, in Henry's role as president and Chief Supervisory Officer of FFP, FFPS and FFPAS, failing to supervise Henry's agents and employees, failing to fully disclose the risks involved with investments in the FFP Subordinated Notes and FFP Collateralized Notes, recommending and selling unsuitable proprietary offerings to FFP clients and submitting false filings to the Missouri Securities Division.

WHEREAS, FFP, FFPS and FFPAS has taken steps to enhance its infrastructure by: (a) hiring an in-house general counsel for FFP; (b) adding additional compliance officers; (c) retaining the services of a law firm to conduct an examination of its Compliance Department; (d) retaining a securities compliance expert to work with FFPS's Compliance Department to enhance same; and (e) retaining independent certified public accountants to effectuate a comprehensive audit of all private securities products issued by FFP and its subsidiaries; and

WHEREAS, FFP and its subsidiaries have cooperated with and assisted the States participating in the Examination; and

WHEREAS, the parties hereto desire to enter into this Agreement for the purposes of resolving all issues arising out of the Examination; and

WHEREAS, the parties hereto have, contemporaneously herewith, entered into respective Findings of Fact, Conclusions of Law and Order (collectively "Order") with respect to the subject matter hereof; and the requisite parties have consented to the entry of said Order; and

WHEREAS, the parties hereto agree and acknowledge that this Agreement is incorporated by reference into said Order and shall be deemed a part of same as if fully set forth therein.

NOW THEREFORE, as part of the Order, and in consideration of the termination of the Examination by the regulatory parties hereto, and in furtherance of the acknowledged interest of all parties hereto to resolve same, it is Ordered and agreed as follows:

1. Upon execution of this Agreement, FFP shall keep and maintain a five (5) person Board of Directors, three (3) of which shall be wholly independent of FFP and its subsidiaries ("Outside Directors"). The Outside Directors must each be deemed not to be unacceptable by the Review Committee before the assumption of duties by each Outside Director. In the event a replacement Outside Director is required to be named, FFP shall submit the candidate to the Review Committee to determine whether the candidate is deemed not unacceptable by the Review Committee before the formal nomination and appointment of same to the FFP Board of Directors.
2. All meetings of FFP's Board of Directors, regular, special, or otherwise ("Board Meetings"), shall be transcribed by an official Missouri licensed court reporter and the transcript of said Board Meetings shall be made available to any state securities regulator upon request.
3. Upon execution of this Agreement, and until the principal and interest of all FFP Subordinated Notes have been satisfied, FFP shall cause to be deposited into a Subordinated Note Reserve Fund ("SNRF") such monthly sums as are set forth in the FFP Monthly SNRF Contribution Schedule attached hereto, incorporated herein by reference, and marked Schedule 3. Said monthly SNRF contribution

requirements shall cease upon the payment into said SNRF of the outstanding principal due under FFP's Subordinated Notes as may from time to time remain outstanding.

4. Upon execution of this Agreement, FFP shall cause to be deposited into the SNRF the existing balance of any and all publicly traded securities or U.S. Treasury-issued zero coupon bonds that currently collateralize the principal of the FFP Subordinated Notes and FFP Collateralized Notes.
5. Not later than sixty days from execution of this Agreement, FFP shall cause to be established a segregated Note Interest Reserve Account ("NIRA") into which FFP shall effectuate such monthly sums as are necessary to meet one month's interest due under the FFP Subordinated Notes and FFP Collateralized Notes. Said monthly NIRA contribution requirements shall cease upon payment into the NIRA of an amount equal to one month's interest due under all outstanding FFP Subordinated Notes and FFP Collateralized Notes. The balance of the NIRA shall not at any time following the establishment of same be less than that amount which is required to effectuate, in advance, full payment of one month's interest due under the FFP Subordinated Notes and FFP Collateralized Notes, as from time to time is due and owing under those notes remaining outstanding. FFP shall have a thirty (30) day right to cure any deficiency in the advance balance of said NIRA once notified of same by any state securities regulator.
6. The SNRF and NIRA shall be administrated by a trustee ("Trustee") deemed not unacceptable by the Review Committee and independent of FFP, FFPS, FFPAS and Henry. The SNRF and NIRA shall be segregated from all other FFP funds and monies and kept and maintained in an account held on behalf of FFP noteholders and titled "FFP SNRF" and "FFP NIRA" with a federally insured bank ("Bank"). The Trustee shall cause future interest payments to holders of FFP Subordinated Notes and FFP Collateralized Notes to be effectuated through the FFP NIRA account.
7. It is further agreed that the Review Committee shall be notified of the name and address of the Trustee, as well as the contact person at the Bank under whom the FFP SNRF and FFP NIRA accounts will be held. The Trustee shall inform the Review Committee, in writing, at least once annually as to the status and balance of the FFP SNRF and FFP NIRA accounts. Further, the Trustee and the Bank shall be authorized to release information to any state securities regulator about the status and balance of said FFP SNRF and FFP NIRA accounts upon request.
8. If FFP pays into the SNRF or NIRA accounts funds in excess of the amounts required under the SNRF or NIRA Contribution Schedules, FFP shall have the option: (a) of applying such funds as prepayment of specific future contributions (and to the extent of such prepayments, FFP will not be required to make such scheduled contributions), (b) to direct the Trustee to apply such excess funds for the redemption of any FFP Subordinated Notes outstanding, or (c) to withdraw any such excess funds without obligation to replace such excess funds.
9. The Trustee shall invest the funds in the SNRF and NIRA accounts only in such Eligible Investments as defined in the list attached hereto, incorporated herein by

reference, and marked Schedule 4. The interest earned on the investment of the funds in the SNRF and NIRA accounts shall be retained in the SNRF and NIRA accounts and credited against the scheduled contributions required of FFP.

10. Upon the future refinancing of FFP's corporate headquarters building, the first \$1.2 million arising out of such refinancing, being that amount borrowed in excess of the outstanding mortgage on same, shall be used by FFP solely for either paying off or down the FFP Subordinated Notes or for contribution into the FFP SNRF account.
11. Priority shall be given to note holders other than Henry and Henry's immediate family, as well as FFP's employees and agents, upon any and all requests for early redemption made pursuant to the terms of the FFP Subordinated Notes.
12. FFP and its subsidiaries shall not, at any time prior to the satisfaction in full of any and all obligations due to current FFP Subordinated Note holders, cause to be issued, registered or sold any subordinated notes. FFP and its subsidiaries shall not cause to be registered, issued or sold any privately-issued collateralized notes of any kind or nature unless the collateral for the principal of said notes be in the form of publicly traded securities or U.S. Treasury-issued zero coupon bonds that are segregated and held in a separate account(s) with restrictions thereon mandating the use of said collateral solely for the purposes of satisfaction of obligations under said notes.
13. FFP and its subsidiaries will, for a period of two years from the execution of this Agreement or until such duties are completed: (a) employ an in-house general counsel for FFP; (b) maintain a staff of compliance officers adequate to the number of its agents and advisors; (c) retain the services of a law firm to conduct an examination of its Compliance Department; (d) retain a securities compliance expert to work with FFPS's Compliance Department to enhance same; and (e) retain independent certified public accountants to effectuate a comprehensive audit of all private securities products issued by FFP and its subsidiaries.
14. FFP and its subsidiaries shall provide the Review Committee with written notice of any non-compliance with the terms hereof immediately upon ascertainment of same, or as soon thereafter as is reasonably practicable under the circumstances by disclosing the date of non-compliance, incident of non-compliance, parties involved in the non-compliance, and sending same, via overnight delivery or via facsimile to the state securities administrators comprising the Review Committee.
15. FFP and its subsidiaries stipulate and agree that it waives any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order and, further, FFP, its subsidiaries, and their respective officers and directors specifically forever release and hold harmless the state securities administrators and all states participating in the Examination, and their respective representatives and agents, commissioners and examiners, from any and all liability and claims arising out of, pertaining to, or relating to the Examination.
16. Execution of this Agreement by the state securities administrators is without prejudice to the right of the state securities administrators to take enforcement

action against FFP and its subsidiaries if the state securities administrators determine that FFP and its subsidiaries have not strictly complied with any of the terms and conditions set forth herein.

THIS AGREEMENT MAY BE EXECUTED IN ONE OR MORE COUNTERPARTS AND DUPLICATES AND ALL SUCH COUNTERPARTS AND DUPLICATES SHALL TOGETHER CONSTITUTE ONE AND THE SAME BINDING AGREEMENT UPON EXECUTION BY ALL PARTIES.

This Agreement shall become binding on the date of execution by the last party hereto.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the dates indicated.

Date: March 6, 2000

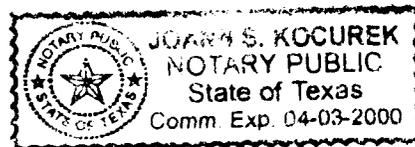
By: Denise Voigt Crawford
Name: Denise Voigt Crawford
Title: Securities Commissioner
State of Texas

STATE OF TEXAS)
) SS
COUNTY OF TRAVIS)

This instrument was acknowledged before me on the 6th day of March, 2000 by Denise Voigt Crawford as Securities Commissioner of the State of Texas.

Joanna S. Kocurek
NOTARY PUBLIC

My Commission Expires:



SCHEDULE 1

FFP SUBORDINATED NOTES

First Financial Planners, Inc. Subordinated Note Offering "A"

First Financial Planners, Inc. Subordinated Note Offering "B"

First Financial Planners, Inc. Subordinated Note Offering "C"

First Financial Planners, Inc. Subordinated Note Offering "D"

First Financial Planners, Inc. Subordinated Note Offering "E"

First Financial Planners, Inc. Subordinate Investment Note Offering

SCHEDULE 2

FFP COLLATERALIZED NOTES

First Financial Planners, Inc. Government Backed Investment Note Offering

FFP Real Estate Services, Inc. Government Collateralized Investment Note Offering

FFP Energy Services, Inc. Government Collateralized Investment Note Offering

First Financial Planners, Inc. Investment Note Offering Secured at Maturity by Government Bonds

First Financial Planners, Inc. Equity Backed Investment Note Offering

SCHEDULE 3

SNRF CONTRIBUTION SCHEDULE

FFP Notes

Subordinated Note Reserve Fund

	<u>Amount</u>
<u>Sep-99</u>	
Initial RMH contribution:	\$ 365,000
<u>Sep 99 - Feb 00</u>	
\$15,000/month	\$ 90,000
<u>Mar 00 - Aug 00</u>	
\$30,000/month	\$ 180,000
<u>Sep 00 - Jun 06</u>	
\$65,000/month	\$ 4,550,000
<u>Scheduled Liquidations</u>	
1999	\$ 121,000
2000	\$ 155,000
2001	\$ 50,000
2002	\$ 50,000
2003	\$ 50,000
2004	\$ 30,000
	<u>\$ 456,000</u>
<u>John Hancock Mortgage Refinancing</u>	
2001	\$ 1,200,000
Total from All Sources	<u><u>\$ 6,841,000</u></u>

SCHEDULE 4

ELIGIBLE INVESTMENTS

The term "Eligible Investments" means only the following instruments or investments:

- a. Obligations constituting direct obligations of, and obligations fully and unconditionally guaranteed by, the United States of America;
- b. Obligations of agencies of the United States of America, whether or not guaranteed by the full faith and credit of the United States of America;
- c. Commercial paper which is rated at the time of purchase "A-1" by Standard and Poor's Rating Group, a division of McGraw-Hill, Inc. ("Standard and Poor's") or "P-1" by Moody's Investors Service, Inc.;
- d. Interests in or obligations of money market mutual funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, and which funds are rated AAAM or AAAM-G or better by Standard and Poor's, or which funds invest solely in other Eligible Investments or in obligations fully collateralized by other Eligible Investments;
- e. Repurchase agreements which are fully collateralized by direct obligations of, or obligations fully and unconditionally guaranteed by, the United States of America;
- f. Any deposit which is fully insured by the Federal Deposit Insurance Corporation or its successors in interest; and
- g. Interests in a common trust fund, provided that the assets therein are invested solely in other Eligible Investments.