

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

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### Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

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CHAIRMAN

NICHOLAS C. TAYLOR  
MEMBER

KENNETH W. ANDERSON, JR.  
MEMBER

JACK D. LADD  
MEMBER

BRYAN K. BROWN  
MEMBER

### SSB Docket No. 03-029

IN THE MATTER OF THE APPLICATION  
FOR INVESTMENT ADVISER  
REPRESENTATIVE OF  
ALAN KEN FLAKE

§  
§  
§  
§

Order No. CAF/SUS-1520

TO: Alan Ken Flake (CRD # 209342)  
VSR Financial Services, Inc.  
8620 West 110th Street, 200  
Overland Park, KS 66210-9651

### DISCIPLINARY ORDER

*Deputy* Be it remembered that Alan Ken Flake ("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, two, three, and four, consented to the entry of this Order and Undertaking and the Findings of Fact and Conclusions of Law contained herein.

### FINDINGS OF FACT

1. 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 the 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").
2. On or about March 5, 2003, Respondent filed an application for registration with the Securities Commissioner as an investment adviser representative of VSR Financial Services, Inc. ("VSR"), which is currently pending.
3. On or about January 30, 2002, Respondent registered with the Securities Commissioner as an agent of VSR, which is currently effective.
4. On or about June 16, 1994, Respondent registered with the Securities Commissioner as an investment adviser representative of A. Ken Flake Financial Services, Inc. d/b/a Reserve Asset Management, Inc. ("Reserve"), which is currently effective.

5. At all times relevant to this Order, Respondent was registered as the designated officer and sole owner of Reserve.
6. On or about January 18, 1999, Respondent was the subject of Disciplinary Order CEN/FIN 1331 for Respondent's failure to disclose Respondent's bankruptcy on Respondent's Form U-4 filed with the Securities Commissioner.
7. At all times relevant to this Order, Respondent was responsible for establishing and maintaining a system to supervise the activities of each investment adviser representative in accordance with Section 116.10 of the Rules and Regulations of the Texas Securities Board ("Board Rules").
8. Respondent was negligent in supervising the activities of a Reserve investment adviser representative, which resulted in losses to Reserve's clients.
9. Respondent has cooperated with Texas Securities Board in its investigation of this matter.

#### UNDERTAKING

1. Respondent hereby undertakes and agrees to withdraw Respondent's current registration with the Securities Commissioner as an investment adviser representative of Reserve.
2. Respondent further undertakes and agrees to not act in any supervisory capacity for any securities dealer or investment adviser.
3. Respondent further undertakes and agrees to not act or serve in the capacity of an officer, director or control person of any securities dealer or investment adviser registered with the Securities Commissioner.
4. Respondent further undertakes and agrees that Respondent will not exercise control over any securities accounts at any securities dealer, other than accounts maintained for VSR customers.
5. Respondent further undertakes and agrees that Respondent will not engage in any securities activity outside of his association with VSR.
6. Respondent further undertakes and agrees that, for a period of two (2) years from the date Respondent's registration with VSR is granted, Respondent will, within ten (10) business days of receipt by Respondent, promptly deliver or cause to be delivered to the Director of Inspections and Compliance of the Texas State Securities Board, any written or oral customer complaint in which the Respondent's name appears or in which Respondent is otherwise involved.

7. Respondent further undertakes and agrees to cooperate with any investigation by the Texas State Securities Board or any other law enforcement agency relating to any employee or representative of Reserve, including, but not limited to, providing information or documents and testifying in any civil, administrative or criminal proceeding brought by this Agency or any other law enforcement entity or self-regulatory organization.

#### CONCLUSIONS OF LAW

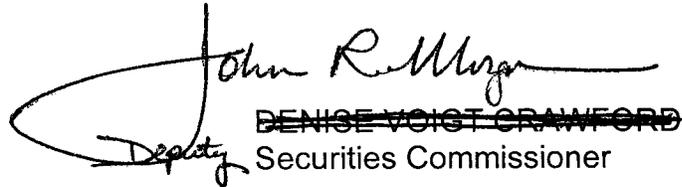
1. Respondent's negligence in the supervision of Reserve's investment adviser representative constitutes a violation of Section 116.10 of the Board Rules.
2. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing conduct constitutes the basis for the issuance of an order reprimanding and suspending an investment adviser representative.
3. Pursuant to Section 23-1.A(3) of the Texas Securities Act, the foregoing conduct constitutes the basis for the issuance of an order assessing an administrative fine against an investment adviser representative.

#### ORDER

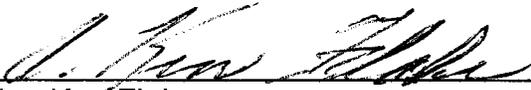
1. It is therefore ORDERED that the registration of Alan Ken Flake as an investment adviser representative of VSR is hereby GRANTED.
2. It is further ORDERED that the investment adviser representative registration of Alan Ken Flake is hereby SUSPENDED for fifteen (15) business days from the date of the filing of his application for registration with the Securities Commissioner as an investment adviser representative of VSR.
3. It is further ORDERED that Alan Ken Flake is hereby REPRIMANDED.
4. It is further ORDERED that Alan Ken Flake is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Three Thousand Dollars (\$3,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Three Thousand Dollars (\$3,000.00) payable to the State of Texas, contemporaneously with the delivery of this Order.

5. It is further ORDERED that Alan Ken Flake COMPLY with the Undertaking contained within this Order.

SIGNED AND ENTERED by the <sup>Deputy</sup> ~~Securities~~ Commissioner this 9th day of July, 2003.

  
~~DENISE VOIGT CRAWFORD~~  
Deputy Securities Commissioner

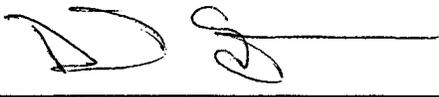
Respondent:

  
Alan Ken Flake

Approved as to Form:

  
Joe Sauer  
Assistant Director  
Inspections and Compliance Division

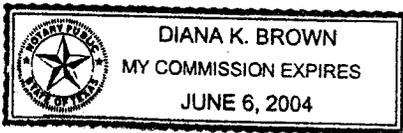
  
David N. Reed  
Attorney for Respondent

  
David A. Grauer  
Director  
Enforcement Division

**ACKNOWLEDGMENT**

On the 20 day of June, 2003, Alan Ken Flake ("Respondent") personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Respondent has read the foregoing Order and Undertaking;
2. Respondent has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking 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]

Diana K. Brown  
Notary Public in and for  
the State of Texas

My commission expires on: 6-6-2004