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

Texas State Securities Board

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

E. WALLY KINNEY
MEMBER

Phone: (512) 305-8300
Facsimile: (512) 305-8310

DAVID A. APPLEBY
MEMBER

SOAH DOCKET NO. 312-11-6589 SSB DOCKET NO. IC11-04

IN THE MATTER OF	§	
THE AGENT AND	§	BEFORE THE STATE OFFICE
INVESTMENT ADVISER	§	OF
REGISTRATIONS OF	§	ADMINISTRATIVE HEARINGS
KRIS BRADFORD RHODEN	§	

TO: Kris Bradford Rhoden
8302 Pocono Circle
Corpus Christi, TX 78414

NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will be held at the State Office of Administrative Hearings, in the William P. Clements Building, 300 W. 15th Street, 4th Floor, Austin, Texas 78701, before an Administrative Law Judge on **August 2, 2011 at 9:00 AM Central Time** for the purpose of determining whether the registrations of Kris Bradford Rhoden ("Respondent") as an agent and an investment adviser representative with the Securities Commissioner of Texas ("Securities Commissioner") should be REVOKED and for the purpose of determining whether Respondent should be ASSESSED AN ADMINISTRATIVE FINE of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00).

This hearing will be held pursuant to The Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581-1 et seq. (Vernon 1964 & Supp. 2010) ("Texas Securities Act"); the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapter 101 et seq. (Supp. 2010) ("Board Rules"); the Administrative Procedure Act, Tex. Gov't Code Ann. § 2001.001 et seq. (Vernon 2008 & Supp. 2010); and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (Supp. 2010) ("SOAH Rules").

IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE WILL BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE

OF THIS CASE WITHOUT A HEARING AND GRANT THE RELIEF SOUGHT IN THIS NOTICE.

THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE STAFF OF THE STATE SECURITIES BOARD AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS.

IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED, THE FACTUAL ALLEGATIONS IN THIS NOTICE WILL BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND GRANT THE RELIEF SOUGHT IN THIS NOTICE.

CONTACT INFORMATION

Clinton T. Edgar, Attorney
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-7363
Facsimile: (512) 305-8340

Docketing Office
State Office of Administrative Hearings
300 W. 15th Street, Suite 504
Austin, Texas 78701
Telephone: (512) 475-3445
Facsimile: (512) 475-4994

Pursuant to § 105.9 of the Board Rules, all documents filed by any party, other than business records and transcripts, and all documents issued by the Administrative Law Judge must be contemporaneously served upon the Securities Commissioner's representative as identified below:

Sonia Ferguson
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

Legal authority and jurisdiction for this matter exist under Sections 14 and 23 of the Texas Securities Act, Section 2003.021(b) of the Texas Government Code, and Section 155.51 of the SOAH Rules.

The Staff of the Texas State Securities Board ("the Staff") will present evidence in support of its request that the registrations of Respondent with the Securities Commissioner be REVOKED and that Respondent be ASSESSED AN ADMINISTRATIVE FINE of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00). The evidence presented by the Staff will prove the following:

1. Respondent is a natural person whose last known residential address, as filed with the Securities Commissioner, is 8302 Pocono Circle, Corpus Christi, Texas 78414, and whose last known business address, as filed with the Securities Commissioner, is 3201 Airline Road, Suite B, Corpus Christi, Texas 78414.
2. On or about March 5, 2001, Respondent registered with the Securities Commissioner as an agent of Planmember Securities Corporation ("Planmember"). This registration is currently effective.
3. On or about August 28, 2008, Respondent registered with the Securities Commissioner as an investment adviser representative of Planmember. This registration is currently effective.

Sale of National Life Settlement Notes

4. From in or about June 2008 to in or about February 2009, Respondent engaged in sales of a note agreement ("Note Agreement") and the Immediate Income Investment Plan ("I³") issued by National Life Settlements ("NLS") to Texas residents ("Investors").
5. The Note Agreement was purportedly backed by life insurance policies and typically guaranteed a 10% simple interest return for a five (5) year period of time.
6. The I³ consisted of one (1) investment which was then applied into a five (5) year note, purportedly backed by life insurance policies, and a five (5) year fixed bi-weekly income account.
7. The Note Agreement and I³ (collectively, the "NLS Agreements") constitute "securities" as the term "securities" is defined by Section 4.A of the Texas Securities Act.

Unregistered Activity

8. On or about March 2, 2011, Respondent passed the Series 6 written qualification examination.
9. The Series 6 written qualification examination is a limited examination offered in lieu of an examination on general securities principles and restricts agents to deal exclusively in securities issued by open-ended investment companies.
10. The NLS Agreements were not securities issued by open-ended investment companies.
11. Section 12.A of the Texas Securities Act prohibits the sale of a security by an agent without such agent first being registered with the Securities Commissioner as provided by the Texas Securities Act.

12. Respondent's sales of the NLS Agreements were outside the scope of his registration with the Securities Commissioner and were therefore a violation of Section 12.A of the Texas Securities Act.
13. Respondent's sales of the NLS Agreements in violation of Section 12.A of the Texas Securities Act are bases for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(6) of the Texas Securities Act.
14. Respondent's sales of the NLS Agreements in violation of Section 12.A of the Texas Securities Act are bases for the assessment of an administrative fine against Respondent pursuant to Section 23-1 of the Texas Securities Act.

Failures to Disclose Private Securities Transactions

15. Planmember's written supervisory procedures prohibited private securities transactions and required Respondent to obtain prior written approval from Planmember before engaging in any securities transaction outside the regular course or scope of Respondent's employment with Planmember.
16. Respondent's sales of the NLS Agreements were outside the regular course or scope of Respondent's employment with Planmember and are thus regarded as private securities transactions.
17. Respondent did not obtain prior written approval from Planmember to sell the NLS Agreements.
18. Respondent's failure to obtain prior written approval from Planmember for Respondent's sales of the NLS Agreements as required by Planmember's written supervisory procedures constitute inequitable practices in the sale of securities and are bases for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(3) of the Texas Securities Act.

Failures to Disclose Outside Business Activities

19. Respondent received compensation in the form of commissions for the sales of the NLS Agreements.
20. Planmember's written supervisory procedures required Respondent to obtain prior approval from Planmember by completing an Outside Business Activity Request Form before receiving compensation for services rendered outside the scope of employment with Planmember.
21. Respondent did not complete an Outside Business Activity Request Form to obtain prior approval from Planmember before receiving such compensation for the activity, or services, rendered outside of Respondent's scope of employment with Planmember.

22. Respondent acted as an independent contractor for NLS, which was outside the scope of employment with Planmember.
23. Planmember's written supervisory procedures required Respondent to obtain prior approval from Planmember by completing an Outside Business Activity Request Form before acting as an independent contractor for an outside party.
24. Respondent did not complete an Outside Business Activity Request Form to obtain prior approval from Planmember before acting as an independent contractor to NLS.
25. Respondent's failures to complete an Outside Business Activity Request Form to obtain prior approval from Planmember before receiving compensation for selling the NLS Agreements and acting as an independent contractor to NLS, as required by Planmember's written supervisory procedures, constitute inequitable practices in the sale of securities and are bases for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(3) of the Texas Securities Act.

Misrepresentations to Planmember

26. During the period of time in which Respondent was selling the NLS Agreements, Respondent represented to Planmember within Section 3: Outside Activities/Accounts of the 2008 Annual Compliance Questionnaire that Respondent had disclosed all outside business activities to Planmember by completing an Outside Business Activities Form.
27. During the period of time in which Respondent was selling the NLS Agreements, Respondent represented to Planmember within Section 3: Outside Activities/Accounts of the 2008 Annual Compliance Questionnaire that Respondent had not engaged in any private securities transactions.
28. During the period of time in which Respondent was selling the NLS Agreements, Respondent represented to Planmember that Respondent did not "offer or sell Viatical Settlements or Life Settlements" within Section 10: Securities Products Offered – Section C Variable Insurance Products of the 2008 Annual Compliance Questionnaire.
29. Respondent's representations to Planmember, described above, were misrepresentations of a relevant fact and constitute fraudulent business practices and are bases for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(3) of the Texas Securities Act.

Failure to Update Filing with Securities Commissioner

30. On or about February 23, 2001, and pursuant to §115.2(a)(2) of the Board Rules [formerly §115.2(a)(1)], Respondent filed a Uniform Application for Securities Industry Registration and Transfer ("Form U-4") with the Securities

Commissioner in connection with his application to become registered with the Securities Commissioner as an agent of Planmember.

31. Item 13 of the Form U-4 requires the disclosure of any other business conducted by the agent, either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise.
32. Section 115.9(a)(6) of the Board Rules required Respondent to report, on the Form U-4, any change in information previously disclosed to the Securities Commissioner on an application form or filing within thirty (30) days of the occurrence of such change.
33. Respondent did not update his Form U-4 within thirty (30) days of beginning to sell the NLS Agreements.
34. Respondent's failure to update Respondent's Form U-4 within thirty (30) days of beginning to sell the NLS Agreements constitutes a violation of §115.9(a)(6) of the Board Rules, and is a basis for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(6) of the Texas Securities Act, and is a basis for the assessment of an administrative fine against Respondent pursuant to Section 23-1 of the Texas Securities Act.

Improper Public Correspondence

35. Respondent, on several occasions from in or about June 2008 to in or about February 2009, corresponded with Planmember clients regarding NLS Agreements via a personal e-mail address. This personal e-mail address had not been disclosed to Planmember.
36. Planmember's written supervisory procedures permitted Respondent to transmit outgoing correspondence with Planmember clients through Planmember sponsored facilities or systems only, and did not allow correspondence to be sent through Respondent's personal computer or other third-party system that would circumvent Planmember review.
37. Respondent's failures to transmit outgoing correspondence with Planmember clients through Planmember sponsored e-mail only, as required by Planmember's written supervisory procedures, constitute inequitable practices in the sale of securities, and are bases for the revocation of Respondent's registrations with the Securities Commissioner pursuant to Section 14.A(3) of the Texas Securities Act.

Pursuant to § 105.14 of the Board Rules, the Staff respectfully requests that the State Office of Administrative Hearings order that all costs charged to the Texas State Securities Board by any court reporting service involved in this matter be assessed against Respondent.

You are invited to appear personally, with, without, or through counsel, and to present any and all evidence relating to the matters set forth in this Notice.

Signed this 22nd day of June, 2011.



Ronak V. Patel
Director
Inspections & Compliance Division

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been sent via certified mail to the parties listed below, and to the Securities Commissioner's Representative by hand-delivery, done on this, the 22nd day of June, 2011.

Kris Bradford Rhoden
8302 Pocono Circle
Corpus Christi, TX 78414

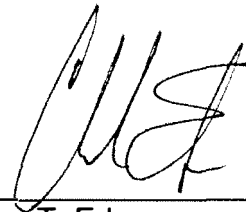
VIA CERTIFIED MAIL # 9171082133393797002931

Kris Bradford Rhoden
3201 Airline Road, Suite B
Corpus Christi, Texas 78414

VIA CERTIFIED MAIL # 9171082133393797002924

Sonia Ferguson
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

VIA HAND DELIVERY



Clinton T. Edgar
Attorney
Inspections & Compliance Division