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Texas State Securities Board

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IN THE MATTER OF THE
AGENT REGISTRATION
OF SHERRIE JANE MALONE

§
§
§

Order No. IC09-SUS-26

TO: Sherrie Jane Malone (CRD No. 1635280)
NelsonReid, Inc.
14420 W. Sylvanfield, Ste. 120
Houston, TX 77014

DISCIPLINARY ORDER

Be it remembered that Sherrie Jane Malone ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order 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. 2008) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §2001.001 et seq. (Vernon 2008) ("Administrative Procedure Act").
2. On or about September 6, 2001, Respondent filed a Uniform Application for Securities Industry Registration or Transfer ("Form U-4") with the Securities Commissioner to apply for registration as an agent of NelsonReid, Inc. ("NelsonReid"), which is currently effective.
3. In or about September, 2006, Respondent offered for sale and sold bonded life settlement contracts to Texas clients on behalf of A&O Resource Management, Ltd. ("A&O").
4. The bonded life settlement contracts offered for sale and sold by Respondent on behalf of A&O had not been registered by qualification, notification, or coordination and no permit was granted for their sale in the State of Texas.

5. Respondent did not provide written notice to or receive permission in writing from NelsonReid for Respondent's offer for sale and sale of the bonded life settlement contracts, which violated NelsonReid's written supervisory procedures.
6. On or about September 30, 2006, Respondent sent outgoing correspondence in connection with the sale of the bonded life settlement contracts without providing copies of such correspondence to NelsonReid for review or receiving approval for such correspondence from NelsonReid, which violated NelsonReid's written supervisory procedures.
7. On or about March 6, 2007 Respondent updated her Form U-4 to reflect Respondent's outside business activity on behalf of A&O.

CONCLUSIONS OF LAW

1. The bonded life settlement contracts sold by Respondent are "securities" as the term "Securities" is defined in Section 4.A of the Texas Securities Act.
2. Respondent's offer for sale and sale of the bonded life settlement contracts constitute engaging in activity as a "dealer" in Texas as the term "Dealer" is defined in Section 4.C of the Texas Securities Act.
3. Respondent's sale of securities without first being registered as a dealer constitutes a violation of Section 12.A of the Texas Securities Act.
4. Respondent's sale of unregistered securities constitutes a violation of Section 7.A(1) of the Texas Securities Act.
5. Respondent's outside business activity and sale of the bonded life settlement contracts without the written consent or approval of NelsonReid constitute inequitable practices in the sale of securities, which is a basis for the issuance of an order reprimanding and suspending an agent pursuant to Section 14.A(3) of the Texas Securities Act.
6. Respondent's failures to comply with NelsonReid's written supervisory procedures constitute inequitable practices in the sale of securities, which is a basis for the issuance of an order reprimanding and suspending an agent pursuant to Section 14.A(3) of the Texas Securities Act.
7. Respondent's failure to disclose the outside business activity on Respondent's Form U-4 within thirty (30) days constitutes a violation of §115.9(a)(6) of the Board Rules.
8. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding or suspending a registered agent.
9. 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 a person found to have engaged in an act or practice that violates the Texas Securities Act or Board Rules.

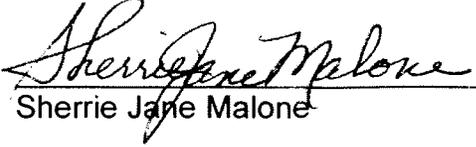
ORDER

1. It is therefore ORDERED that Sherrie Jane Malone is hereby REPRIMANDED.
2. It is further ORDERED that the registration of Sherrie Jane Malone is hereby SUSPENDED for a period of twenty (20) days from the date this Order is entered by the Securities Commissioner. In the event that the registration of Sherrie Jane Malone is terminated before the end of this period, the suspension period will be tolled from the date that the registration of Sherrie Jane Malone is terminated to the date that the registration of Sherrie Jane Malone is again effective.
3. It is further ORDERED that Sherrie Jane Malone is ASSESSED AN ADMINISTRATIVE FINE in the amount of Two Thousand Five Hundred Dollars (\$2,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Two Thousand Five Hundred Dollars (\$2,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 21st day of October, 2009.

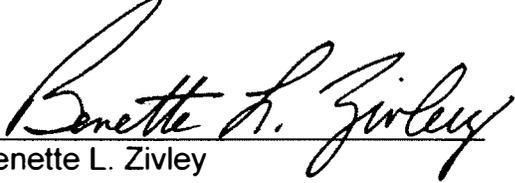


DENISE VOIGT CRAWFORD
Securities Commissioner



Sherrie Jane Malone

Approved as to Form:

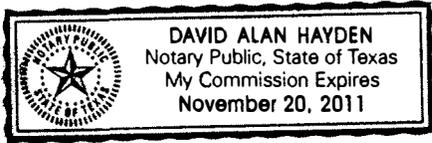


Benette L. Zivley
Director
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 135th day of October, 2009, Sherrie Jane Malone ("Respondent") appeared before me, executed the foregoing Order, and acknowledged that:

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



[affix notary seal here]

David Alan Hayden
Notary Public in and for
The State of TEXAS

My commission expires on: 11/20/2011