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SECURITIES COMMISSIONER



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## State Securities Board

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JOSE ADAN TREVINO  
MEMBER

SSB Docket No. 99-030

IN THE MATTER OF THE DEALER  
REGISTRATION OF MML INVESTORS  
SERVICES, INC.

§  
§  
§

Order No. CAF-1359

To: Mr. Michael L. Kerley, Vice-President  
MML Investors Services, Inc. (BD # 10409)  
1414 Main Street  
Springfield, MA 01144-1013

### DISCIPLINARY ORDER REPRIMANDING A DEALER

Be it remembered that MML Investors Services, Inc. ("Respondent"), by and through its Vice-President, Michael L. Kerley, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and the Undertaking, 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 Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 1999)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 1999)("Administrative Procedure Act").
2. Respondent is a general securities dealer currently registered with the Securities Commissioner. Michael L. Kerley is its Vice-President.
3. James William Singleton III (CRD # 2188278) was registered with the Securities Commissioner as an agent of Respondent from on or about March 1, 1996 to on or about January 27, 1999.

4. On or about July 24, 1998, Mr. Singleton was charged in United States District Court for the Northern District of Texas, Dallas Division, with making a false statement to the Federal Deposit Insurance Corporation, a felony. Mr. Singleton pled guilty to said charge on or about the same date. Mr. Singleton was ultimately convicted on or about December 8, 1998, after which sentence was imposed.
5. Rule 115.1(g)(1)(B) of the Rules and Regulations of the State Securities Board ("Board Rules") requires registered dealers to disclose any felony criminal action or conviction against their agents, within 30 days of such action.
6. On or about March 1, 1996, Respondent filed a Form U-4 Application for Securities Industry Registration with the Securities Commissioner seeking to register Mr. Singleton as an agent of Respondent. In said application, Respondent told the Securities Commissioner Mr. Singleton was not the subject of an investigation or proceeding that could result in a felony conviction. Respondent further told the Securities Commissioner that Mr. Singleton had not been charged with a felony or convicted of a felony. Board Rule 115.1(g)(1)(E) requires registered dealers to report any change in information previously reported to the Securities Commissioner with respect to their agents, within 30 days of the change.
7. Respondent never disclosed to the Securities Commissioner that Mr. Singleton was under investigation, or that he had been charged with or pled guilty to a felony, even though he remained employed by Respondent and registered with the Securities Commissioner, in violation of Board Rules 115.1(g)(1)(B) and (E).
8. Respondent failed to disclose Mr. Singleton's conviction to the Securities Commissioner until on or about February 14, 1999, after Respondent had terminated Mr. Singleton's registration, in violation of Board Rules 115.1(g)(1)(B) and (E).

#### UNDERTAKING

1. Respondent agrees to review its compliance procedures to ensure that any new disclosures required by Form U-4 or the Board Rules are made by Respondent by the deadlines required. Respondent agrees that, within 30 days of the entry of this Order by the Securities Commissioner, it will notify the Director of Enforcement of the State Securities Board of its then current compliance procedures to detect and report all information, including certain criminal investigations, charges, pleas, and convictions by its agents, required to be reported by Form U-4 and the Board Rules.

#### CONCLUSIONS OF LAW

1. A dealer's failure to notify the Securities Commissioner of reportable criminal investigations, charges, guilty pleas, and convictions within 30 days of the event constitutes material misrepresentations to the Securities Commissioner by the

dealer.

2. The foregoing rule violations constitute violations of Sections 14.A(6) and (7) of the Texas Securities Act, which are bases for the issuance of an order reprimanding a dealer.
3. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations of the Texas Securities Act and Board Rules constitute bases for the issuance of an order assessing an administrative fine against a dealer.

#### ORDER

1. It is therefore ORDERED that MML Investors Services, Inc. is hereby REPRIMANDED.
2. It is further ORDERED that MML Investors Services, Inc. SHALL COMPLY with its Undertaking.
3. It is further ORDERED that MML Investors Services, Inc. is ASSESSED AN ADMINISTRATIVE FINE in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 31<sup>st</sup> day  
of May, 1999.

*Denise Voigt Crawford*  
DENISE VOIGT CRAWFORD  
Securities Commissioner

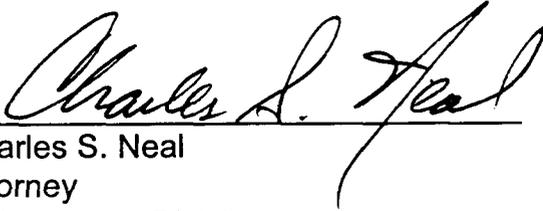
Respondent MML Investors Services, Inc.

*Michael L. Kerley*  
By: Michael L. Kerley, Vice-President

Approved as to Form:

A handwritten signature in black ink, appearing to read "Michael S. Gunst", written over a horizontal line.

Michael S. Gunst  
Director  
Dealer Registration Division

A handwritten signature in black ink, appearing to read "Charles S. Neal", written over a horizontal line.

Charles S. Neal  
Attorney  
Enforcement Division

**ACKNOWLEDGMENT**

On the 29<sup>th</sup> day of April, 1999, MML Investors Services, Inc. ("Respondent"), by and through its Vice-President, Michael L. Kerley, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Michael L. Kerley is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Michael L. Kerley has read the foregoing Order;
3. Respondent has been fully advised of its 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 Undertaking, Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

[affix notary seal here]

Elizabeth A. Kennel  
Notary Public in and for  
the State of Massachusetts

My commission expires on: March 22, 2002