

BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS



In the Matter of:

Wilbanks Securities, Inc (CRD No. 40673),

Docket No. 18E14  
KSC No. 2018-6457

Respondent.

\_\_\_\_\_/   
Pursuant to K.S.A. 17-12a412

**DEFAULT FINAL ORDER REVOKING BROKER-DEALER REGISTRATION**

This matter comes for consideration by the Securities Commissioner of Kansas (“Commissioner”) upon the *Application for Order Revoking Broker-Dealer Registration* (“*Application*”), filed herein by the Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) on December 21, 2018.

**Summary of Proceedings**

In the *Application*, KSC Staff allege that sufficient evidence exists to provide cause under K.S.A. 17-12a412 to issue an order revoking the broker-dealer registration of Wilbanks Securities, Inc. under the Kansas Uniform Securities Act (“KUSA”). Based on the *Application*, the Commissioner issued a *Notice of Intent to Revoke Broker-Dealer Registration* (“*NOI*”) on January 4, 2019.

The *NOI* notified Respondent that if the allegations set forth in the *Application* are found to be true, through either administrative adjudication, failure of Respondent to make a timely request for hearing, or default by Respondent, it was the Commissioner’s intention to enter an order against the Respondent, which may revoke, suspend, condition, or limit

the Respondent's broker-dealer registration under K.S.A. 17-12a412(b), and which may order one or more of the sanctions or remedies enumerated under K.S.A. 17-12a412(c).

The *NOI* further notified Respondent that if Respondent wished to contest the allegations in the *Application* or offer evidence and argument to mitigate them or the sanctions or remedies to be imposed, then Respondent must file a request for hearing, in the manner and form prescribed by K.A.R. 81-11-3 and K.A.R. 81-11-5, within thirty-three (33) days of the date of mailing on the *Certificate of Service* accompanying the *NOI*. The *NOI* also notified Respondent that, if a request for hearing is not timely filed, the Commissioner may issue a final order, including the sanctions and remedies described above, without further proceedings.

A *Certificate of Service* filed by the Administrative Clerk indicates that a copy of the *NOI* was sent to Respondent on January 4, 2019, by certified mail, return receipt requested, and by first-class mail, postage prepaid. To date, Respondent has not filed a request for hearing.

Having reviewed the *Application* and the file, the Commissioner finds and orders as follows:

#### **Findings of Fact**

1. Respondent Wilbanks Securities, Inc., CRD #40673 ("Respondent" or "Wilbanks") is a broker-dealer with its principal place of business located at 4334 Northeast Expressway, Suite 222, Oklahoma City, OK 73116. Wilbanks has been registered as a broker-dealer in the State of Kansas since May 25, 2000.

2. The Financial Industry Regulatory Authority, Inc. (“FINRA”) is a self-regulatory organization as that term is used in K.S.A. 17-12a412(d)(5)(C).
3. On August 4, 2017, FINRA suspended Wilbanks’s membership for failure to file its quarterly Focus Report in accordance with FINRA Rule 9552. To date, the suspension of Wilbanks’s FINRA membership has not been terminated.
4. On August 10, 2017, Shelly Welch, BD/IA Registration Manager for KSC (“Welch”), made multiple unsuccessful attempts to contact Wilbanks by telephone, but left a message for Steve Sharpe, Wilbanks’s Co-Chief Compliance Officer, requesting that he call the KSC.
5. On August 10, 2017, Welch sent a written request to Wilbanks by overnight FedEx seeking: (a) a written statement whether the firm is or has been conducting business in Kansas since August 4, 2017, (b) a list of all its Kansas clients, their contact information and the name of the Wilbanks agent assigned to each account, and (c) a current net capital computation for the firm. FedEx delivered this letter to Wilbanks on August 11, 2017, at 1:28 pm, and S. Ashton signed for its delivery at Wilbanks’s front desk.
6. On August 14, 2017, Randall L. Wilbanks (“Randall Wilbanks”), Vice President and partial owner of Wilbanks, returned Welch’s call. By voicemail and in conversation with Welch on that date, Randall Wilbanks stated that:
  - a. Wilbanks received a substantial adverse arbitration award in April 2017 that is forcing the firm out of business;

- b. Aaron B. Wilbanks (“Aaron Wilbanks”), the President, CFO, CEO, Co-Chief Compliance Officer, and FINOP of Wilbanks, terminated his registration with Wilbanks and is no longer employed by the firm; and
  - c. Aaron Wilbanks’s departure left the firm with no FINOP, and therefore the firm is unable to provide a net capital computation to KSC staff.
7. On August 14, 2017, Randall Wilbanks responded to Welch’s letter by email, attaching FINRA’s most recent letter of suspension, and stating that:
- a. Wilbanks “has not been conducting any business in Kansas since a net capital deficiency occurred in April of this year”;
  - b. Wilbanks is “unable to provide a list of Kansas clients” because the person who operates the system identifying such clients is “no longer employed,” and that he (*i.e.*, Randall Wilbanks) does not have access to that system; and
  - c. Wilbanks does “not have a current net capital calculation to provide to your department. The reason for our suspension is that we have not filed our May Focus report and the FINOP of our firm is no longer registered.”
8. Wilbanks last filed an amendment to its Form BD on March 18, 2014.
9. On August 18, 2017, the Securities Commissioner of Kansas (“Commissioner”) issued an *Emergency Order of Suspension* (“*Emergency Order*”) in this proceeding, ordering that Wilbanks’s broker-dealer registration in Kansas be suspended pending final determination of this proceeding.

10. The *Emergency Order* contained a notice to Wilbanks that if Wilbanks wished to contest the findings of fact, conclusions of law, or the orders in the *Emergency Order*, Wilbanks must file a request for hearing within thirty-three (33) days after the date of mailing on the Certificate of Service attached to the *Emergency Order*. This notice stated that if no request for hearing is filed within thirty-three (33) days after the date of mailing on the Certificate of Service, the *Emergency Order* would become final as to Wilbanks by operation of law without further proceedings.
11. The Certificate of Service attached to the *Emergency Order* indicates that copies of the *Emergency Order* were sent to Wilbanks by certified mail and by regular first-class mail on August 18, 2017, addressed to: Mr. Aaron B. Wilbanks, President/CEO, Wilbanks Securities, Inc., 4334 Northeast Expressway, Suite 222, Oklahoma City, OK 73116.
12. The copy of the *Emergency Order* sent by certified mail was served on Wilbanks on August 23, 2017. The copy of the *Emergency Order* sent by regular mail was not returned to the KSC.
13. Wilbanks did not and has not filed a request for hearing in response to the *Emergency Order*. Pursuant to K.S.A. 17-12a412(f), the *Emergency Order* became final by operation of law on September 22, 2017.
14. On September 15, 2017, FINRA sent Wilbanks a *Notice of Intent to Cancel* letter, notifying Wilbanks that FINRA intended to cancel the firm's FINRA membership based upon the firm's failure to pay outstanding fees owed to FINRA.

15. On October 6, 2017, FINRA cancelled Wilbanks's membership pursuant to FINRA Rule 9553 for failing to pay outstanding fees the firm owed to FINRA.
16. Revocation of Wilbanks's broker-dealer registration in Kansas is in the public interest.

### **Conclusions of Law**

17. The Commissioner has jurisdiction over Respondent and this matter.
18. Wilbanks's failure to comply with Welch's request for information constitutes grounds for discipline under to K.S.A. 17-12a412(d)(8).
19. Wilbanks's failure to maintain accounts, correspondence, memoranda, papers, books, and other records in accordance with K.S.A. 17-12a411(a) and (c) constitutes grounds for discipline under K.S.A. 17-12a412(d)(2).
20. Wilbanks's failure, in accordance with K.A.R. 81-3-1(b)(4)(C), to amend its Form BD to show insolvency and noncompliance with net capital requirements after Wilbanks received a substantial adverse arbitration award in April 2017, and to show the departure of its FINOP, constitute grounds for discipline under K.S.A. 17-12a412(d)(2).
21. The suspension and subsequent cancellation of Wilbanks's FINRA membership, after notice and opportunity for hearing, constitutes grounds for discipline under K.S.A. 17-12a412(d)(5)(C).

22. The Commissioner may revoke Wilbanks's broker-dealer registration pursuant to K.S.A. 17-12a412(b) if there is a ground for discipline and the revocation is in the public interest.

IT IS THEREFORE ORDERED by the Commissioner that Respondent's broker-dealer registration with the State of Kansas is hereby REVOKED.

**ISSUED BY THE COMMISSIONER.**

Entered at Topeka, Kansas, this 6th day of March, 2019.



Jeffrey S. Wagaman  
Acting Kansas Securities Commissioner

## **NOTICES**

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.
- (2) This order may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Kansas Securities Commissioner is Jack Clayton Johnson, Chief Regulatory Counsel, at 109 SW 9th Street, Suite 600, Topeka, Kansas 66612.