

FURTHER AFFIANT SAYETH NOT.

Dated this 19th day of January, 2017.

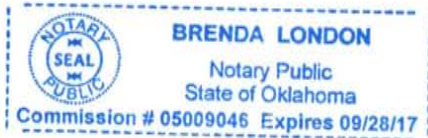
(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 19th day of January, 2017.

(SEAL)



Brenda London
Notary Public

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Joe Don Treece (CRD #2925735),

Respondent.

ODS File 16-030

NOTICE OF OPPORTUNITY FOR HEARING

1. On the 18th day of January, 2017, the attached Enforcement Division Recommendation ("Recommendation"), in support of the imposition of sanctions on Joe Don Treece ("Respondent") pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2016), was left in the office of the Administrator of the Oklahoma Department of Securities ("Administrator").

2. Pursuant to 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (effective November 1, 2016) ("Rules") and Section 1-411 of the Act, the Administrator hereby gives notice to Respondent of his obligation to file an answer and his right to request a hearing to show why an order based on the Recommendation should not be issued.

3. The answer must be in writing and received by the Administrator within fifteen (15) days after service of this Notice. As required by 660:2-9-2 of the Rules, the answer shall indicate whether Respondent requests a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondent does not have, and is unable to obtain, sufficient information to admit or deny each allegation. If Respondent intends in good faith to deny only a part of an allegation, Respondent shall specify so much of it as is true and shall deny only the remainder.

4. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order barring Respondent from registration in any capacity under the Act, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

5. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on the Recommendation shall be promptly scheduled or a written order denying hearing shall be issued.

6. Notice of the date, time, and location of the hearing shall be given to Respondent not less than forty-five (45) days in advance thereof, pursuant to 660:2-9-2 of the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 19th day of January, 2017.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 19th day of January, 2017, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Mr. Joe Don Treece
5418 Braebourne
Rogers, AR 72578



Brenda London, Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Joe Don Treece (CRD #2925735),

Respondent.

ODS File 16-030

ENFORCEMENT DIVISION RECOMMENDATION

The Enforcement Division of the Oklahoma Department of Securities (“**Department**”) submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department (“**Administrator**”) in support of the imposition of sanctions on Joe Don Treece (“**Respondent**”), pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 (“**Act**”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2016).

Findings of Fact

1. Respondent is an individual who resided in Oklahoma from February 1998 until January 2009. Respondent has resided in Rogers, Arkansas, since January 2009.
2. Respondent first registered under Oklahoma’s securities laws in 1998.
3. From May 2008 until September 2011, Respondent was registered under the Act as an agent of Morgan Stanley & Co., LLC (CRD No. 8209) and then Morgan Stanley Smith Barney, LLC (CRD No. 149777) (collectively, “**Morgan Stanley**”).
4. From August 2011 until June 2013, Respondent was registered under the Act as an agent of Raymond James & Associates, Inc.
5. From June 2013 until December 2015, Respondent was registered under the Act as an agent of Arvest Wealth Management (“**Arvest**”).
6. The Form U5 filed by Arvest for Respondent states that Arvest discharged Respondent for: (1) “Failure to disclose the existence of a pre-existing loan from a customer, (2) failure to disclose customer complaints and claims in connection with financial advisory brokerage services provided to customer at other brokerage firms prior to [Respondent] joining [Arvest] and the customer becoming an [Arvest] client, and (3) attempting to settle customer claims and have discussions regarding a request for

settlement without disclosure to [Arvest] in violation of [Arvest] policies and industry standards of conduct.”

Customer RQ

7. Customer RQ is an individual who resides in Grove, Oklahoma.
8. Customer RQ became Respondent's customer in approximately 2001.
9. Customer RQ followed Respondent as he changed firms through the years.
10. On or about April 21, 2010, while associated with Morgan Stanley, Respondent borrowed \$2,500 from Customer RQ, a customer of Morgan Stanley at the time.
11. In connection with the loan, Respondent executed a promissory note in favor of Customer RQ for principal in the amount of \$2,500 plus 10% interest (“**Note**”).
12. The Note reflected that the principal and interest were due on July 1, 2010, and that the proceeds would be used to pay general living expenses for Respondent's family.
13. The Note further stated that Respondent would use the annual bonus of approximately \$35,000 that he expected to receive in about June 2010 to repay the debt in full with interest.
14. Respondent did not repay the loan in full until over five years later in August 2015, when Respondent was associated with Arvest.
15. NASD Rule 2370 (as amended effective Feb. 18, 2004) and FINRA Rule 3240 (superseded NASD Rule 2370 effective June 14, 2010) both prohibit a registered representative of a member firm from borrowing money from a customer unless the firm has written procedures allowing such a loan and certain other conditions are met.
16. Morgan Stanley's Compliance Manual, in effect when Respondent obtained the loan from Customer RQ, explicitly prohibited Respondent from borrowing money from a customer who is not a family member.
17. On an annual compliance questionnaire dated January 19, 2011, Respondent falsely represented to Morgan Stanley that he had not “borrowed from or loaned money/securities to clients and/or family members who have account(s)” at Morgan Stanley.
18. Respondent never notified Morgan Stanley of the loan from Customer RQ.

19. In approximately August 2015, while a customer of Arvest, Customer RQ complained to Respondent about trading activity and losses in his account. Without reporting the complaint to Arvest, Respondent met with Customer RQ and his accountant on two occasions, and spoke with them by telephone several times, regarding settlement of the complaint. Seeking restitution, Customer RQ provided Respondent with a copy of a proposed settlement agreement that asserted a right of action against Respondent for breach of fiduciary duty, fraud, embezzlement, and conversion.

20. On November 24, 2015, Customer RQ notified another representative of Arvest of his complaint regarding Respondent. As a result, Arvest commenced an internal review of Respondent's conduct.

21. Respondent did not disclose the loan or Customer RQ's complaint to Arvest until after Arvest commenced its internal review.

22. At all times during Respondent's association with Arvest, the written policies and procedures of Arvest required the firm's registered representatives to "promptly" notify the designated principal in writing of any customer complaint brought to the registered representative's attention. Both written and oral complaints were required to be submitted to a designated compliance officer through an online complaint submission document. After the complaint was reported, the designated compliance officer was responsible for contacting the customer to discuss the complaint and for recommending a course of action to the Chief Compliance Officer and the appropriate Designated Principal.

23. At all times during Respondent's association with Arvest, the written policies and procedures of Arvest prohibited a registered representative from borrowing money from a customer.

24. In Employment Agreements dated June 17, 2013, November 13, 2014, and November 17, 2015, with Arvest, Respondent agreed to give "prompt notice to the appropriate principal(s)" of any customer complaint and "any other matter that is important and should be known by Arvest."

25. In these same Employment Agreements, Respondent also agreed to "avoid personal transactions with customers" and to "not borrow money or investments from any customer."

26. On an annual compliance questionnaire dated November 25, 2015, Respondent falsely represented to Arvest that he was not currently, and had not been during his association with the firm, the subject of any oral or written customer complaints.

Other Regulatory Action

27. On December 30, 2016, the Arkansas Securities Commissioner entered an order, with Respondent's consent and after Respondent waived his right to a hearing, that revoked Respondent's registrations as an agent of a broker-dealer and a representative of an investment adviser under Arkansas' securities laws.

28. The Arkansas Securities Commissioner found that Respondent engaged in dishonest or unethical practices in the securities business in connection with a loan Respondent obtained from a customer residing in Arkansas.

29. On December 1, 2016, FINRA suspended Respondent's registration in all capacities for failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.

30. Effective November 14, 2016, FINRA suspended Respondent from associating with any FINRA member firm in any capacity for failure to respond to a request for information. If Respondent fails to request termination of the suspension within a specified time period, he will be automatically barred by FINRA on January 23, 2017.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authority

1. Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules") (effective July 1, 2007 through July 31, 2013, and effective August 1, 2013) states, in pertinent part:

(a) **Purpose.** This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) Standards.

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

2. Section 1-411 of the Act provides, in pertinent part:

C. If the Administrator finds that the order is in the public interest and paragraphs 1 through 6, 8, 9, 10, 12 or 13 of subsection D of this section authorizes the action, an order under this act may censure, impose a bar, impose a civil penalty in an amount not to exceed a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations on a registrant, and/or recover the costs of the investigation from a registrant and if the registrant is a broker-dealer or investment adviser, from any partner, officer, or director, any person having a similar function or any person directly or indirectly controlling the broker-dealer or investment adviser.

D. A person may be disciplined under subsections A through C of this section if the person:

* * *

2. Has willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten (10) years;

* * *

5. Is the subject of an order, issued after notice and opportunity for hearing by:

a. the securities...regulator of a state...revoking...as a broker-dealer, agent, investment adviser, federal covered investment adviser, or investment adviser representative,

* * *

c. the Securities and Exchange Commission or by a self-regulatory organization suspending, barring, canceling or expelling the registrant from membership in a self-regulatory organization[.]

* * *

13. Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business within the previous ten (10) years[.]

* * *

G. An order may not be issued under this section, except under subsection F of this section, without:

1. Appropriate notice to the applicant or registrant;
2. Opportunity for hearing; and
3. Findings of fact and conclusions of law in a record in accordance with the Administrative Procedures Act. If the person to whom the notice is addressed does not request a hearing within fifteen (15) days after the service of notice is effective, a final order as provided in subsection A, B or C of this section may be issued.

Conclusions of Law

1. Respondent has engaged in dishonest and unethical practices in the securities business within the previous ten years by borrowing money from an Oklahoma customer in violation of his employer's written policies and procedures and NASD Rule 2370 and by concealing the loan from his employer through misrepresentation on an annual compliance questionnaire.

2. Respondent has engaged in unethical practices in the securities business within the previous ten years by failing to promptly report a customer complaint to his employer, participating in settlement negotiations with the customer without his employer's knowledge, and misrepresenting to his employer the existence of the complaint on an annual compliance questionnaire.

3. Respondent has engaged in unethical practices in the securities business in connection with a loan from an Arkansas customer within the previous ten years.

4. Respondent is the subject of an order, issued by the securities regulator of the state of Arkansas after notice and opportunity for hearing, revoking his registrations as an agent and investment adviser representative.

5. The Administrator is authorized under Section 1-411 of the Act to bar Respondent from registration in any capacity under the Act.

6. It is in the public interest for the Administrator to bar Respondent from registration in any capacity under the Act.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator issue an order barring Respondent from registration in any capacity under the Act.

Respectfully submitted,



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U.S. Postal Service™
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Domestic Mail Only Notice 16-03078

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

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\$ 330

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ 270

Return Receipt (electronic) \$

Certified Mail Restricted Delivery \$

Adult Signature Required \$

Adult Signature Restricted Delivery \$

Postage \$ 11.62

1/19/17

Postmark
Here

Mr. Joe Don Treece
5418 Braebourne
Rogers, AR 72578

for Instructions

7015 0640 0004 8676 8893

Notice 16-030 TB

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

RESTRICTED DELIVERY

Mr. Joe Don Treece
5418 Braebourne
Rogers, AR 72578



9590 9402 1524 5362 1054 86

2. Article Number (Transfer from service label)

7015 0640 0004 8676 8893

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Joe Treece Addressee

B. Received by (Printed Name) C. Date of Delivery
Joe Treece 1-21-17

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input checked="" type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500) | |