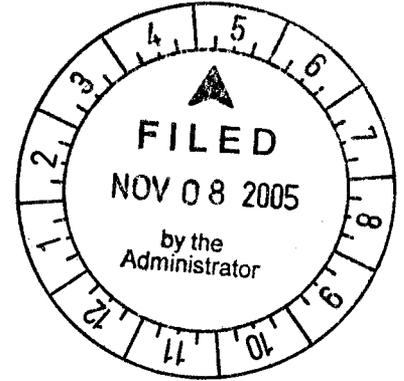


STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Brian Jason Ross, and  
J. Ross Financial, Inc.,

Respondents.

ODS File No. 05-030

**NOTICE OF SERVICE ON THE ADMINISTRATOR**  
**AND**  
**AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA    )  
                                  )     SS.  
COUNTY OF OKLAHOMA )

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (Department).

2. That a copy of the Notice of Opportunity for Hearing (Notice) with Enforcement Division Recommendation (Recommendation) attached was delivered to Affiant in the office of the Administrator of the Department (Administrator) pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003).

3. That the Administrator has received service of process on behalf of Brian Jason Ross and J. Ross Financial, Inc. pursuant to Section 1-611 of the Act.

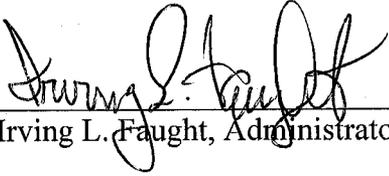
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 9th day of November, 2005, by certified mail, return receipt requested, delivery restricted to addressee, to the last known address of Respondents, in compliance with Section 1-611 of the Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

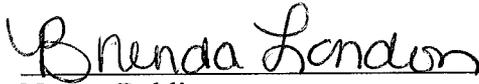
FURTHER AFFIANT SAYETH NOT.

Dated this 8th day of November, 2005.

(SEAL)

  
Irving L. Faught, Administrator

Subscribed and sworn to before me this 8th day of November, 2005.

  
Notary Public

My Commission Expires: September 28, 2009

My Commission No.: 05009046

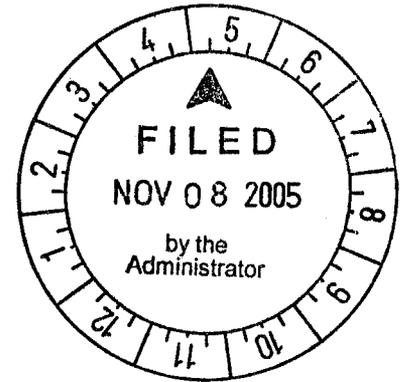
SEAL



BRENDA LONDON  
Notary Public  
State of Oklahoma

Commission # 05009046 Expires 09/28/09

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Brian Jason Ross, and  
J. Ross Financial, Inc.,

Respondents.

ODS File No. 05-030

**NOTICE OF OPPORTUNITY FOR HEARING**

1. Pursuant to his authority under Section 1-602(A)(1) of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of Brian Jason Ross (Ross) and J. Ross Financial, Inc. (J. Ross Financial) (collectively, "Respondents"), to determine whether certain violations of the Act, the Predecessor Act, and/or the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) may have occurred.

2. On the 2nd day of November, 2005, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within twenty (20) days after service of this Notice. Pursuant to Section 1-604 of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order to bar Ross from association with a broker-dealer or investment adviser in any capacity and from offering and/or selling any security in and/or from the state of Oklahoma and imposition of a civil penalty in the amount of \$50,000.

5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-2(a) of the Rules.

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within ninety (90) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than forty-five (45) days in advance thereof pursuant to 660:2-9-2(c) of the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 8th day of November, 2005.

(SEAL)



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

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 8th day of November, 2005, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon addressed to:

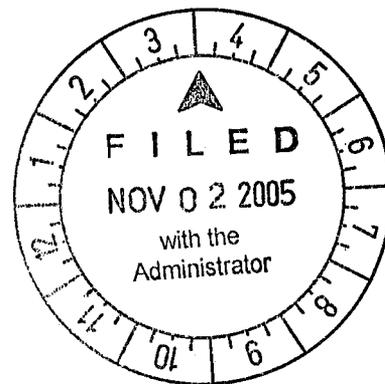
Brian Jason Ross  
J. Ross Financial, Inc.  
5514 S. Lewis Avenue  
Tulsa, OK 74105

Jeffery Massey  
922 S. Boulevard, Suite 200  
Edmond, OK 73034  
Attorney for Respondents



Brenda London  
Paralegal

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Brian Jason Ross, and  
J. Ross Financial, Inc.,

Respondents.

ODS File No. 05-030

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and the Oklahoma Securities Act (Predecessor Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), an investigation was conducted into the activities of Brian Jason Ross (Ross) and J. Ross Financial, Inc. (J. Ross Financial) (collectively, "Respondents"), in connection with the offer, sale and/or purchase of securities and the provision of investment advice in and/or from Oklahoma. Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Oklahoma Department of Securities (Administrator) in support of the issuance of an order barring Ross from association with an investment adviser and/or broker-dealer in any capacity and/or imposing any other sanction(s) as deemed appropriate and as authorized by law.

**Findings of Fact**

1. In May of 1999, Ross was registered under the Predecessor Act as an agent of Prudential Securities Incorporated (Prudential), a registered broker-dealer. On July 28, 2000, Ross' employment was terminated for lack of productivity.
2. From April 26, 2001 to February 14, 2003, Ross was registered under the Predecessor Act as an agent and investment adviser representative of Multi-Financial Securities Corporation (Multi-Financial), a registered broker-dealer and investment adviser.
3. From February 26, 2003 to September 30, 2004, Ross was registered under the Act and the Predecessor Act as an agent and investment adviser representative of USA Financial Securities Corporation (USA), a registered broker-dealer and investment adviser.
4. J. Ross Financial is an Oklahoma corporation. Ross is the only officer and employee of J. Ross Financial.

### Yucatan Issuers

5. Yucatan Resorts, S.A. (Yucatan Resorts), Resort Holdings International, S.A. (Resort Holdings), Galaxy Property Management (Galaxy Property), World Phantasy Resorts, Inc. (World Phantasy), and Avalon Resorts (Avalon) (collectively, "Yucatan Issuers"), all related entities, are engaged in the business of offering and selling investments relating to timeshare properties in Mexico.

6. Respondents, acting on behalf of the Yucatan Issuers, engaged in the offer and sale of interest bearing investments relating to time share interests through the "Universal Lease Program." Respondents represented the investments as safe, secure and suitable for funding individual retirement accounts.

7. The timeshare interests were offered in conjunction with a program through which investors could assign their timeshare interests to a third party who guaranteed to rent and manage the timeshare interests for such investors (Third Party Servicing Company). Investors were told they would receive a return on investment of 11% per year.

8. The Third Party Servicing Company assumed full responsibility for handling the rental of units, collection of rental monies, and distributions to investors.

9. Respondents participated in approximately 14 transactions in and/or from the state of Oklahoma involving the Yucatan Issuers' Universal Lease Program. The principal amount of those transactions totaled approximately \$465,000. Respondents received a commission for each transaction from the Yucatan Issuers.

10. Respondents' sales of the timeshare interests through the Universal Lease Program began in July of 2001 and ended in September of 2002.

11. In connection with the offer and/or sale of the interests, Respondent Ross represented to at least one Oklahoma investor that the Universal Lease Program would provide steady income that would withstand "a hurricane".

12. Respondents' sales of the Universal Lease Program interests were made as agents of Southwest Income Marketing. Respondents received commissions for transactions effected on behalf of Southwest Income Marketing.

### Branson Issuers

13. Resort Hotels, Inc., Ozark Ticket and Travel, Inc., and Universal Financial Leasing, Inc. (collectively, "Branson Issuers"), all related entities, were engaged in the business of offering and selling investments relating to timeshare properties in Branson, Missouri.

14. Respondents, acting on behalf of the Branson Issuers, engaged in the offer and sale of interest bearing investments relating to timeshare interests through the "Leisure Lease."

15. The Leisure Lease was offered in conjunction with a program through which investors could assign their timeshare interests to a third party servicing company. Investors were told they could receive a return on investment of 11% per year. In reality, new investors' funds were transferred by the Branson Issuers to existing investors as purported returns on their investments.

16. Respondent Ross failed to inform at least one Oklahoma investor in connection with the offer and/or sale of the Leisure Lease that the program involved timeshare interests.

17. Respondent Ross stated to at least one Oklahoma investor that he had performed his due diligence in his recommendation of the Leisure Lease.

18. The Branson Issuers were shut down after an investigation and resulting action by the United States Securities and Exchange Commission (SEC). The SEC obtained a judgment and injunction against the Branson Issuers in connection with their Leisure Lease activities.

19. Upon commencement of the SEC investigation, Ross began to make the promised interest payments to the Oklahoma investors from J. Ross Financial's funds.

20. Respondents participated in approximately eight transactions in and/or from the state of Oklahoma involving the Branson Issuers' Leisure Lease. The principal amount of those transactions totaled approximately \$592,000. Respondents received between 10% to 14% in commissions from those transactions.

21. Respondents' sales of the Leisure Lease began in October of 2002 and ended in August of 2003.

22. In effecting the sales of the Leisure Lease, Respondents acted as independent agents of the GAT Group, a marketing organization that marketed the Leisure Lease.

#### Selling Away

23. Respondent Ross offered and sold interests in the Universal Lease Program and Leisure Lease during the time that he was affiliated with Multi-Financial. Respondent Ross was aware that it was against industry rules and Multi-Financial's policies for a broker to engage in outside business activities without first obtaining express written permission from the employing brokerage firm ("selling away").

24. Respondent Ross completed various forms, at the request of Multi-Financial, acknowledging Multi-Financial's requirement to be made aware of its brokers' outside business activities. Respondent Ross failed to advise and obtain the approval of Multi-Financial to engage in the offer and sale of the interests in the Yucatan Issuers' Universal Lease Program and/or the Branson Issuers' Leisure Lease.

25. Respondent Ross offered and sold interests in the Leisure Lease program during the time that he was affiliated with USA. Respondent Ross was aware that it is against industry rules and USA's policies for a broker to engage in outside business activities without first obtaining express written permission from the employing brokerage firm.

26. Respondent Ross completed various forms at the request of USA, acknowledging USA's requirement to be made aware of its brokers' outside business activities. Respondent Ross failed to advise and obtain the approval of USA to engage in the offer and sale of the interests in the Branson Issuers' Leisure Lease.

#### Other Findings

27. Respondent Ross continued to represent himself to the public as a representative of USA after he resigned from the firm in September of 2004.

28. Respondent Ross represented to least one Oklahoma investor in connection with the offer and/or sale of interests in the Universal Lease Program and the Leisure Lease that he was not receiving commissions on the sales and that he was making those sales only for the benefit of the Oklahoma investor.

29. Interests in the Universal Lease were not registered under the Predecessor Act.

30. Interests in the Leisure Lease were not registered under the Predecessor Act.

31. J. Ross Financial was not registered in any capacity under the Predecessor Act.

32. The persons to whom Respondents sold the timeshare interests were fixed annuity, long-term care, and/or term insurance clients. The ages of the individuals who purchased the timeshare interests from Respondents ranged from 31 to 78 at the time of sale. The average age of investors who purchased the interests from Respondents was 63.

33. Respondents encouraged one Oklahoma resident, who was 67 years of age at the time of the transaction, to mortgage her home in order to purchase an interest in the Leisure Lease. Ross initiated the mortgage negotiations and dealt exclusively with the mortgage company on her behalf. Ross represented to the Oklahoma resident that he was acting with the required due diligence.

34. Based upon the foregoing conduct, it is in the public interest to issue an order barring Ross from association with any broker-dealer and/or investment adviser in any capacity and from offering and/or selling any security in and/or from the state of Oklahoma.

To the extent any of these Findings of Fact should be considered Conclusions of Law, they should be so considered.

Authorities

1. Section 1-701 of the Act provides in pertinent part:

The predecessor act exclusively governs all actions or proceedings that are pending on the effective date of this act or may be instituted on the basis of conduct occurring before the effective date of this act[.]

2. Section 2 of the Predecessor Act provides in part:

\* \* \*

(d) "*Agent*" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

\* \* \*

(e) "*Broker-dealer*" means any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account.

\* \* \*

(v) "*Security*" means any:

\* \* \*

(11) investment contract[.]

3. Section 201 of the Predecessor Act provides in pertinent part:

(a)(1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is so registered under this act or unless the person is exempt from registration as provided in paragraph (2) or (3) of this subsection.

\* \* \*

(b) it is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered or is exempt from registration. The registration of an agent is not effective during any period when the agent is not associated with a particular broker-dealer registered under this act or a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which the

person an agent, the agent as well as the broker-dealer or issuer shall promptly notify the Administrator.

(c)(1) It is unlawful for any person to transact business in this state as an investment adviser unless registered under this act or unless exempt from registration as provided in paragraph (2) of this subsection.

\* \* \*

(d)(1) It is unlawful for any person to transact business in this state as an investment adviser representative unless registered under this act or unless he is exempt from registration as provided in paragraph (3) of this subsection. It is unlawful for any person required to be registered as an investment adviser under this act, or any person exempt from registration as an investment adviser under this act, to employ supervise, be represented by or be associated with an investment adviser representative unless the investment adviser representative is registered under this act or unless the investment adviser representative is exempt from registration as provided in paragraph (3) of this subsection.

4. Section 301 of the Predecessor Act provides:

It is unlawful for any person to offer or sell any security in this state unless:

- (1) it is registered under this act or the security or transaction is exempted under Section 401 of this title; or
- (2) it is a federal covered security.

5. Section 101 of the Predecessor Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

- (1) to employ any device, scheme, or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading,
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

6. Subsection (b) of Rule 660:10-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) provides in part:

(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 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) In recommending to a customer the purchase, sale or exchange of any security, the broker-dealer and his agents shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs. Prior to making a recommendation to a customer a broker-dealer shall also make reasonable efforts to obtain information concerning the customer's financial backgrounds, tax status, and investment objectives, and such other information used or considered to be reasonable and necessary by such broker-dealer or registered agent in making such recommendation.

\* \* \*

(15) No broker-dealer or agent of a broker-dealer shall effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device, practice, plan, program, design, or contrivance.

7. NASD Conduct Rule 3030, "Outside Business Activities of an Associated Person", provides in pertinent part as follows:

No person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to the member. Such notice shall be in the form required by the member.

8. NASD Conduct Rule 3040, "Private Securities Transactions of an Associated Person", provides in pertinent part as follows:

Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is

associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided however that, in the case of a series of related transactions in which no selling compensation has been or will be received, an associated person may provide a single written notice.

9. Section 406 of the Predecessor Act provides in part:

- (a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

\* \* \*

- (3) bar or suspend the person from association with a broker-dealer or investment adviser subject to the provisions of the Oklahoma Securities Act;

\* \* \*

- (5) issue an order against a person who willfully violates the Oklahoma Securities Act or a rule or order of the Administrator under the Oklahoma Securities Act, imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings[.]

10. Section 1-411 of the Act provides in 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;

\* \* \*

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[.]

#### **Conclusions of Law**

1. Timeshare interests, sold with the third party servicing component, in the Universal Lease Program and Leisure Lease are securities.
2. Respondents offered and sold unregistered securities in and/or from Oklahoma, in violation of Section 301 of the Predecessor Act.
3. Respondents transacted business in Oklahoma as an unregistered broker-dealer or agent, in violation of Section 201 of the Predecessor Act.
4. Respondents transacted business in Oklahoma as an unregistered investment adviser, or investment adviser representative, in violation of Section 201 of the Predecessor Act.
5. J. Ross Financial employed an unregistered agent and/or unregistered investment adviser representative, in violation of Section 201 of the Predecessor Act.
6. Respondents, directly or indirectly, engaged in an act, practice, or course of business that operated as a fraud or deceit upon other persons, in connection with the offer and sale of securities, in violation of Section 101 of the Predecessor Act.
7. Respondents engaged in dishonest or unethical practices, in violation of subsection (b) of 660:10-5-42 of the Rules.

8. Respondents did not have reasonable grounds for believing that the recommendation to purchase the interests in the Universal Lease Program or Leisure Lease was suitable for their customers, in violation of subsection (b) of 660:10-5-42 of the Rules.

9. Respondent Ross engaged in "selling away" while employed as an agent of Multi-Financial and USA, in violation of NASD Conduct Rules 3030 and 3040 and 660:10-5-42 of the Rules.

10. The Administrator is authorized to bar Ross from association with a broker-dealer or investment adviser in any capacity and from offering and/or selling any security in and/or from the state of Oklahoma.

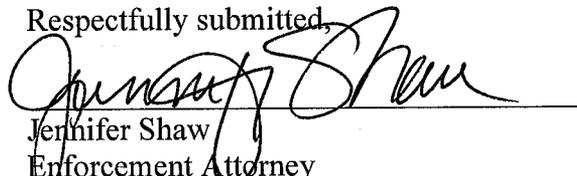
11. It is in the public interest to bar Ross from association with any broker-dealer or investment adviser in any capacity and from offering and/or selling any security in and/or from the state of Oklahoma.

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 Ross from association with any broker-dealer and/or investment adviser in any capacity and from offering and/or selling any security in and/or from the state of Oklahoma; and imposing a civil penalty in the sum of Fifty Thousand Dollars (\$50,000).

Dated this 2nd day of November, 2005.

Respectfully submitted,



Jennifer Shaw  
Enforcement Attorney  
Oklahoma Department of Securities  
First National Center, Suite 860  
120 North Robinson  
Oklahoma City, Oklahoma 73102  
(405) 280-7700