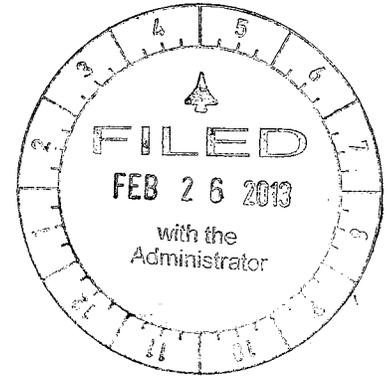


STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Centaurus Financial, Inc. (CRD# 30833),
Raymond Chavez (CRD#2403218), and
Bobby Ray Ledford II (CRD #4328431),

Respondents.

ODS File No. 09-049

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("Memorandum") is submitted voluntarily by the undersigned, Centaurus Financial, Inc. ("Centaurus") and Raymond Chavez ("Chavez") (collectively, the "Undersigned Respondents"), in resolution of this matter.

WHEREAS, the Oklahoma Department of Securities ("Department") conducted an investigation into the activities of Centaurus, Chavez and Bobby Ray Ledford II ("Ledford"), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

WHEREAS, the Enforcement Division of the Department asserts the following:

1. At all times material hereto, Centaurus was a broker-dealer registered under the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"), and a member of FINRA (formerly known as the "NASD"). Centaurus remains registered as a broker-dealer under the Act, registered as an investment adviser with the SEC, and a member of FINRA. Centaurus's main office is located in Anaheim, California.

2. At all times material hereto, Chavez was registered as an agent and investment adviser representative of Centaurus under the Act. Chavez operates, and has operated at all times material hereto, from Centaurus' main office in his capacity as a Regional Supervisor and Compliance Officer. At all times material hereto, Chavez was registered as a General Securities Principal with FINRA and was the designated Regional Supervisor of Ledford.

3. At all times material hereto, Ledford was registered as an agent and investment adviser representative of Centaurus under the Act. Ledford operated, at all

times material hereto, from a Centaurus branch office located at 2201 Wheaton Drive, Norman, Oklahoma ("Norman Office"). Ledford was at all times material hereto, the supervisory principal of the Norman Office. Prior to 2004, Ledford was registered with Questar Capital Corporation (Questar).

ICON Leasing Fund Twelve, LLC

4. At times material hereto, Respondents Centaurus and Ledford offered and sold shares (Shares) in the ICON Leasing Fund Twelve (Fund Twelve). The Fund Twelve prospectus that was provided to Client N. Ten Eyck (Ten Eyck) by Ledford and Centaurus required that Ten Eyck acknowledge receipt and understanding of such prospectus. The Fund Twelve prospectus had a bold type statement on its cover that reads: **"Investing in our Shares involves a high degree of risk. You should purchase our Shares only if you can afford a complete loss of your investment."**

5. The Fund Twelve prospectus that was provided to Ten Eyck also included the following risk factors:

- a. All or a substantial portion of your distributions may be a return of capital and not a return on capital;
- b. Initially, we will be a blind pool because we have not yet identified any specific investments and all of the potential risks of an investment in our Shares cannot be assessed at this time;
- c. The ability to resell Shares may be limited by the absence of a public trading market and, therefore, you should be prepared to hold your Shares for the life of Fund Twelve, which is anticipated to be approximately 10 years;
- d. Uncertainties associated with the equipment leasing industry may have an adverse effect on our business and may adversely affect our ability to give you any economic return from our Shares or a complete return of your capital;
- e. You will have limited voting rights and will be required to rely on our Manager to make all of our management decisions and achieve our investment objectives;
- f. Our Manager will receive substantial fees from us, and those fees are likely to exceed the income portion of distributions made to you during our early years;
- g. Because we will borrow money to make our investments, losses as a result of lessee defaults may be greater than if such borrowing were not incurred; and
- h. Our Manager's decisions are subject to conflicts of interest.

6. The disclosures in the prospectus also include the following: (a) "you may not receive cash distributions every month and, therefore, you should not rely on any income from your Shares"; (b) the Fund Twelve's Shares are an "illiquid asset"; and (c) there is no market for the Shares.

Suitability

7. Ten Eyck, a single woman, was born in 1922 and is a retired school teacher. At times material hereto, Ten Eyck was the owner of an American Skandia variable annuity purchased through Questar in January of 2003. While an agent of Questar, Ledford became the broker of record for the Ten Eyck account in which the American Skandia variable annuity was held. At the time of the investment discussed below, Ten Eyck was eighty-five (85) years old and legally blind. Ten Eyck did not want an aggressive investment strategy and was not sophisticated about investments. Ten Eyck wanted a liquid investment.

8. In July of 2007, Ten Eyck met with Ledford, who had moved his registration from Questar to Centaurus, regarding earning more monthly income for herself. Ledford presented the Fund Twelve investment to Ten Eyck and it was her understanding that: (a) the investment would provide monthly income, (b) the principal would not be subject to short-term stock or bond market fluctuations, and (c) the distribution payout would satisfy her income needs.

9. At the time, Ten Eyck was the owner of an \$18,000 traditional IRA and a \$20,000 Roth IRA. Her other assets included a \$300,000 life insurance policy, a home valued at \$120,000, and a bank account with a monthly balance of approximately \$2,000. Ten Eyck's financial condition at the time was contrary to the information that she acknowledged as correct on Centaurus Financial's order form related to the Fund Twelve Shares. Ten Eyck's sole source of income was \$1,500 in social security payments per month.

10. Ledford recommended the Fund Twelve Shares as an appropriate investment for Ten Eyck. According to Ten Eyck, Ledford did not verbally inform her that she should not rely on receipt of the Fund Twelve monthly distributions.

11. On July 17, 2007, Centaurus new account forms were submitted by Ledford for Ten Eyck. A Centaurus *New Account Application* described Ten Eyck as having an annual income of \$50,000-\$100,000, a net worth of \$1,000,000, and an investment objective of current income. This document was used by Centaurus to establish an account with Ten Eyck. A second Centaurus form was used to place the actual order for the Fund Twelve Shares ("Order Form #2"), which described Ten Eyck as having an annual income of \$50,000-\$75,000, a net worth of \$1,100,000, a risk tolerance of high, and an investment objective of income. Although the financial information is written in handwriting other than that of Ten Eyck, the forms received by Centaurus were signed and initialed by Ten Eyck.

12. The *New Account Application* and Order Form #2 contain financial information that was contrary to Ten Eyck's actual annual income and net worth.

13. Ten Eyck followed Ledford's advice to purchase the Fund Twelve Shares by liquidating her American Skandia variable annuity resulting in proceeds of approximately \$92,000.

14. Ledford received approximately \$7,360 in commissions on Ten Eyck's \$92,000 investment in the Fund Twelve Shares.

Failure to Supervise

15. At all times material hereto, Chavez was the Regional Supervisor charged with reviewing the transactions for all registered representatives in his assigned region, which included Ledford's Norman office. Therefore, Chavez was the Centaurus employee responsible for the review of all orders effected by Ledford during the relevant time period.

16. Centaurus and Chavez had access to the information needed to evaluate whether investments offered by Ledford to Ten Eyck were suitable and in compliance with the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Oklahoma Rules"), and Centaurus' written policies.

17. Centaurus' written supervisory procedures regarding direct participation programs state in part: "Due to the illiquidity and often greater risk associated with this type of investment, representatives must have clients complete and sign an Order Form #2." While an Order Form #2 was completed, reviewed, signed and submitted by Ledford on behalf of Ten Eyck, the form reflects an inflated financial profile and misrepresents her risk tolerance. The Order Form #2 and *New Account Application* were approved by Ledford, as both registered agent and manager, and by Chavez as Ledford's assigned supervisor.

18. The Fund Twelve Shares were unsuitable for Ten Eyck due to the totality of her financial situation, including her age, investment objectives and risk tolerance.

19. At all times material hereto, final responsibility for proper supervision of Ledford rested with Centaurus, pursuant to 660:11-5-42(b)(22)(B) of the Oklahoma Rules.

WHEREAS, Ledford agreed to an Order of Censure that was filed on August 18, 2010.

WHEREAS, without admitting or denying any violation of the Act, the Oklahoma Rules, the Investment Company Act, the Securities Act of 1933, or any other securities laws, the Undersigned Respondents execute this Memorandum in resolution of the Enforcement Division's allegations.

NOW THEREFORE, the Undersigned Respondents undertake as follows:

1. The Undersigned Respondents will comply with all provisions of the Act and the Oklahoma Rules in connection with the offer and/or sale of securities in and/or from Oklahoma.

2. Within forty-five (45) days of the Effective Date of this Memorandum, Centaurus' compliance department will contact all of its current Oklahoma clients to confirm that client record information upon which recommendations are made and/or suitability determined is accurate and complete. Centaurus further acknowledges the requirements of SEC Rule 17a-3(a)(17).

3. In connection with a security that is not publically traded, the Firm will conduct a heightened review of any future sale of such a security to customers in Oklahoma over the age of sixty-five (65), to include a complete review of the transactional history of the customer and previously disclosed financial profile information to validate the accuracy of the financial information and to ensure suitability of the transactions. Centaurus will also provide a written summary describing the security and its risks to each client or prospective client prior to effecting the purchase of the security.

4. The Undersigned Respondents represent that this Memorandum is submitted voluntarily, without threat or coercion by the Administrator of the Department or staff of the Department or any member of the Oklahoma Securities Commission.

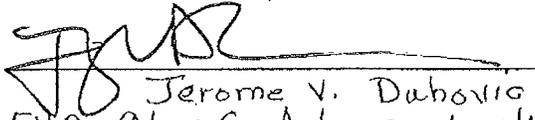
5. The Undersigned Respondents understand that if they fail to comply with the terms of this Memorandum in any material respect, the Department may initiate action as authorized by provisions of the Act.

6. The Undersigned Respondents understand that nothing in this Memorandum shall prohibit the Administrator of the Department from furnishing information to any other properly constituted agency or authority. If any other agency or authority commences any action against the Undersigned Respondents in connection with any information obtained by the Department, the Administrator may assist in such actions as authorized by law.

7. The Undersigned Respondents understand that this Memorandum shall constitute a public record for purposes of the Oklahoma Open Records Act, Okla. Stat. tit. 51, §§ 24A1 through 24A19.

IN WITNESS WHEREOF, the Undersigned Respondents have executed this Memorandum as of the date and year set forth below their signatures hereto.

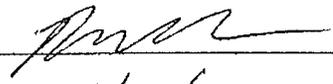
CENTAURUS FINANCIAL, INC.

By: 
Title: EVP, Chief Administrative Officer

Date: 02/26/2013

Address: 2300 E. Katella Ave. #200
Anaheim CA 92806

RAYMOND CHAVEZ


Date: 2/20/13

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