

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**DAVID ALAN MULLENAX, AND
ROBERT MABRY MULLENAX
D/B/A MULLENAX FINANCIAL GROUP**

CONSENT ORDER

NO. 00-021-S

CONSENT ORDER

This Consent Order is entered pursuant to the provisions of the Arkansas Securities Act (the "Act"), ARK. CODE ANN. § 3-42-101 et seq. (Repl. 1994), the Rules of the Arkansas Securities Commissioner (the "Rules") and the Arkansas Administrative Procedure Act, ARK. CODE ANN. § 25-15-201 et seq. (Repl. 1996). Pursuant to Rule 601.07(I), this order is entered in lieu of a hearing of matters raised in Order No. 99-062-S, Summary Order Suspending Registration, entered October 7, 1999, in which the Arkansas Securities Commissioner ("Commissioner") summarily suspended the registrations of David Alan Mullenax ("Dave Mullenax"), CRD#3206327, and Robert Mabry Mullenax ("Bob Mullenax"), CRD#3277517, D/B/A Mullenax Financial Group, and San Clemente Securities, Inc., ("San Clemente"), CRD #211895. This Consent Order is entered in full settlement of all claims against Dave Mullenax and Bob Mullenax.

Dave Mullenax and Bob Mullenax waive their right to a formal hearing, and without admitting or denying any of the findings herein, consent to the entry of this order, and agree to abide by its terms.

FINDINGS OF FACT

1. San Clemente is a broker-dealer, registered in the State of Arkansas from April 1995 to the present date. The home office of San Clemente is located at 1031 Calle Recodo, Suite B, San Clemente, California.
2. Dave Mullenax became a registered representative of San Clemente in Arkansas on July 27, 1999.
3. Bob Mullenax became a registered representative of San Clemente in Arkansas on September 20, 1999.
4. Dave and Bob Mullenax are brothers who engaged in business as Mullenax Financial Group ("Mullenax FG") at Financial Park Place, Suite 316, 11219 Financial Centre Parkway, Little Rock, Arkansas.
5. Mullenax FG advertised, offered and sold certificates of deposit ("CDs") in Arkansas through their Little Rock office location. Mullenax FG represented that they were "CD Brokers" in that they specialized in accessing high yield CDs from banks throughout the United States. Dave and Bob Mullenax have represented to the Commissioner that all advertising used by Mullenax FG was approved by San Clemente.
6. The Commissioner found that misrepresentations concerning the yields on CDs sold and the commissions or fees paid were made by San Clemente and Mullenax FG. The Securities Department has determined that the CD purchases were effected through transactions by United Custodial Corporation ("UCC"), an entity not registered as a broker-dealer.
7. Mullenax FG executed twelve transactions with Arkansas residents for the purchase of CDs with a total value of \$463,608.

RELEVANT STATUTES AND RULES

8. ARK. CODE ANN. § 23-42-308(a) states in part, that the Commissioner may by order suspend or revoke any registration if he finds that an applicant or registrant or an officer of a broker-dealer has willfully violated or willfully failed to comply with any provision of the Act; or has engaged in dishonest or unethical practices in the securities business. In addition to revocation, the Commissioner may fine any broker-dealer or representative up to a maximum of five thousand dollars (\$5,000) for each separate violation of the Act.

9. ARK. CODE ANN. § 23-42-308 further provides that the Commissioner may by order summarily suspend the registration of registrants.

10. Rule 308.01 provides for suspension or revocation of the registration of a broker-dealer or agent that does not observe high standards of commercial honor and just and equitable principles of trade in the conduct of its or his business. Grounds for action by the Commissioner include the conduct described in subsections (A) through (W) of Rule 308.01.

CONCLUSION OF LAW

The actions of Dave Mullenax and Bob Mullenax as set forth in paragraphs 1 through 7 above, constitute violations of Rule 308.01 (B), (C) and (Q). Such violations constitute grounds to suspend or revoke the registrations of Dave Mullenax and Bob Mullenax and fine each pursuant to ARK. CODE ANN. § 23-42-308.

OPINION

It is the opinion of the Commissioner that it was in the public interest to suspend the registrations of Dave Mullenax and Bob Mullenax to conduct business in Arkansas as agents of San Clemente. Dave Mullenax and Bob Mullenax opened and operated Mullenax FG with little or no

experience in doing business as registered securities representatives. Any supervision of Mullenax FG by San Clemente proved to be inadequate and lacked even a basic understanding of securities law and regulation.

It is the opinion of the Commissioner that the actions of Dave Mullenax and Bob Mullenax, as set forth above and in more detail in Order No. 99-062-S, were committed under the direction and instruction of San Clemente. In order for Dave Mullenax and Bob Mullenax to again be registered as agents of a broker-dealer in Arkansas, several events must take place. First, they must sever all ties with San Clemente, United Custodial Corporation and Cooke Christopher including the purchase of any products from those entities. Second, they must acquire a better knowledge of securities law and regulation through formal education. Third, they must apply for registration with an Arkansas registered broker-dealer that will provide on-site supervision by a licensed branch supervisor (Series 24) for a minimum period of twelve (12) months.

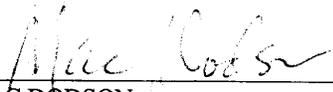
ORDER

IT IS THEREFORE ORDERED THAT upon complying with the above restrictions, the suspensions of the registrations of Dave Mullenax and Bob Mullenax that have existed from October 7, 1999 shall be terminated immediately. Dave Mullenax and Bob Mullenax shall be permitted to apply for registration with an Arkansas registered broker-dealer that will provide on-site supervision by a licensed branch supervisor (Series 24) for a minimum period of twelve (12) months. As directed above, Dave Mullenax and Bob Mullenax must sever all ties with San Clemente, United Custodial Corporation and Cooke Christopher and any products offered or sold through such entities.

IT IS FURTHER ORDERED THAT Dave Mullenax and Bob Mullenax shall acquire a better knowledge of securities law and regulation through formal education approved by the Commissioner.

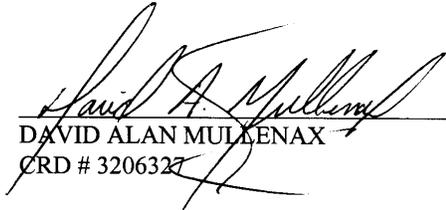
IT IS FURTHER ORDERED THAT Dave Mullenax and Bob Mullenax, once registered with an Arkansas registered broker-dealer and having met all other provisions outlined within this order, shall be allowed to again engage in the offer and sale of securities in Arkansas within the scope of their registrations.

WITNESS MY HAND AND SEAL THIS 27 DAY OF APRIL, 2000.

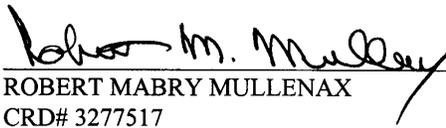


MAC DODSON
ARKANSAS SECURITIES COMMISSIONER

The undersigned hereby consent to the entry of the foregoing Order without admitting or denying the findings therein.



DAVID ALAN MULLENAX
CRD # 3206327



ROBERT MABRY MULLENAX
CRD# 3277517