

BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO S-11-0348  
ORDER NO. S-11-0348-12-OR01

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ARKANSAS SECURITIES DEPT.

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IN THE MATTER OF:  
JOHN THOMAS FINANCIAL, INC., CRD NO. 40982

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RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 ("Act"), the Rules of the Arkansas Securities Commissioner ("Rules") promulgated under the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219; in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and John Thomas Financial, Inc. ("John Thomas") in full and final settlement of all claims that could be brought against John Thomas by the Staff on the basis of the facts set forth herein.

John Thomas admits the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waives its right to a formal hearing and appeal, without admitting or denying the findings of facts made herein, consents to the entry of this order and agrees to abide by its terms in settlement of any possible violations committed by John Thomas concerning the matters detailed in this order.

FINDINGS OF FACT

1. John Thomas, CRD No. 40982, is a registered broker-dealer organized and operating under the laws of the State of New York. John Thomas has been registered in Arkansas under the Act since January 16, 2007.

2. From July 2007 to March 2010, John Thomas charged a handling fee to Arkansas clients. The true nature of the handling fee, which was anywhere from \$40.50 to \$75.00, was not

properly disclosed by John Thomas to Arkansas clients. However, John Thomas did incur an actual out-of-pocket expense of \$3.00 per trade.

#### APPLICABLE LAW

3. Ark. Code Ann. § 23-42-308(a)(2)(B) states that the Commissioner may by order suspend or revoke any registration if he finds that the registrant has violated or failed to comply with any provision of the Act or any rule or order under the Act.

4. Rule 308.01(c) of the Rules states that each broker-dealer shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Charging undisclosed, unreasonable and inequitable fees for the exchange or transfer of securities shall constitute grounds for the suspension or revocation of a broker-dealer registration.

#### CONCLUSIONS OF LAW

5. In violation of Ark. Code Ann. § 23-42-308(a)(2)(B), John Thomas violated failed to comply with the Act and Rules when John Thomas charged Arkansas residents handling fees that were not properly disclosed as detailed in paragraph two. The violations committed by John Thomas warrant the entry of an order in this case.

6. In violation of Rule 308.01(c) of the Rules, John Thomas failed to observe high standards of commercial honor and just and equitable principles of trade when John Thomas charged Arkansas residents undisclosed commission fees that were characterized as handling fees as detailed in paragraph two.

#### UNDERTAKINGS

In settlement of this matter, but without admitting or denying the findings of fact made above, John Thomas agrees to refund and return all handling fees collected from Arkansas

investors during the time period covered by this order less any actual out-of-pocket expenses. In addition, John Thomas will pay a fine to the Arkansas Securities Department in the amount of \$25,000.00.

OPINION

This order is in the public interest. The facts as set out in paragraph two support the violations of the Act and Rules as set out in paragraphs five and six.

ORDER

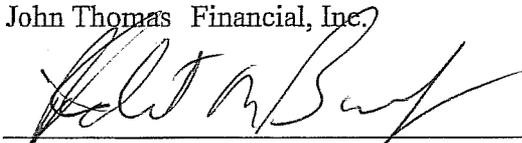
IT IS THEREFORE ORDERED that within 30 days of the entry of this order, John Thomas shall provide proof to the Staff that John Thomas has refunded and returned all handling fees, in the total amount of \$17,421.67, which were collected from all Arkansas investors during the time period covered by this order. The proof of refund or return by John Thomas shall be in a form that is acceptable to the Staff. In addition, John Thomas will pay a fine in the amount of \$25,000.00 to the Arkansas Securities Department within ten days of the entry of this order.

WITNESS MY HAND AND SEAL on this 25<sup>th</sup> day of September, 2012.

  
A. Heath Abshure  
Arkansas Securities Commissioner

APPROVED AS TO CONTENT  
AND FORM:

  
George Belesis, President  
John Thomas Financial, Inc.

  
Robert Bursky, Attorney for the Respondent  
John Thomas Financial, Inc.

APPROVED AS TO CONTENT  
AND FORM:

  
Scott Freydl  
Staff Attorney  
Arkansas Securities Department