

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

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**In The Matter Of:** )  
 )  
**DUANE WEBSTER McKENZIE** ) **Administrative Proceeding**  
 ) **Number: S-05-0132 and**  
 ) **S-05-0075**  
**RESPONDENT**

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**CONSENT AGREEMENT**

THIS AGREEMENT is hereby entered into between the State of Mississippi, Secretary of State's Office, Business Regulation and Enforcement Division (hereinafter "Division"), by and through James O. Nelson, II, Assistant Secretary of State, and DUANE WEBSTER McKENZIE (hereinafter "McKenzie").

The Division, having the power to administer and to provide for the enforcement of all provisions of the Mississippi Securities Act (hereinafter "Act"), and Respondent do hereby enter into this Consent Agreement in resolution of the Final Cease and Desist Order and Order Imposing Administrative Penalty (hereinafter "Order") issued October 9, 2006, detailing allegations by the Division of violations of certain provisions of the Act.

The Division's conclusions of law contained in the Order were as follows.

1. The Secretary of State has jurisdiction over this matter and the parties pursuant to Miss. Code Ann. §75-71-107(a) of the Mississippi Securities Act.
2. Since early 1998, Respondent offered and sold securities in the form of investment contracts, within or from Mississippi to Mississippi residents.
3. Respondent McKenzie was not registered with the Division as a broker-dealer in violation of Miss. Code Ann. § 75-71-301.

4. Respondent sold unregistered securities in violation of Miss. Code Ann. § 75-71-401.

NOW, THEREFORE, it is hereby agreed as follows:

- A. Respondent admits to the jurisdiction of the Division as to all matters herein.
- B. Respondent neither admits, nor denies that his conduct was in violation of the Act.
- C. Respondent consents to the payment of Seventy Five Thousand Dollars (\$75,000.00) with One Thousand Dollars (\$1,000.00) to be paid upon the execution of this Consent Agreement. Payment shall be remitted to the “Mississippi Secretary of State” and must be received by the Division within thirty (30) days of the execution of this Agreement. Seventy Four Thousand Dollars (\$74,000.00) of the Seventy Five Thousand Dollars (\$75,000.00) shall be suspended unless Respondent violates any provisions of the Act and/or Rules promulgated thereunder at any time subsequent to the execution of this agreement. If Respondent violates any provisions of the Act and/or Rules subsequent to this agreement, then (1) Respondent shall immediately remit payment of the Seventy Four Thousand Dollars (\$74,000.00) to the Division, payable to the “Mississippi Secretary of State,” and (2) the Division shall impose an additional penalty taking into consideration that this would be an offense in addition to those detailed in the Division’s Final Cease and Desist Order and Order Imposing Administrative Penalty.

- D. McKenzie agrees neither, during the course of his natural life, (1) to offer and/or sell any securities in the State of Mississippi, nor (2) to offer and/or sell any securities to any Mississippi residents, without being registered as a broker-dealer or agent, as required under the Act, or otherwise under circumstances when registration as a broker-dealer or agent is not required as determined by the Division..
- E. McKenzie agrees neither to act as an investment advisor, nor investment advisor representative in Mississippi or for or with respect to residents of the State of Mississippi, unless he is properly registered to act as such or otherwise under a circumstance or circumstances where registration as such is not required under the Act as determined by the Division.
- F. Respondent agrees to sell only standard, traditional insurance products in the future, to include property, fire, casualty, life, health, accident, disability, automobile insurance, and fixed annuities, being properly licensed by the Mississippi Department of Insurance to do so. McKenzie agrees neither to sell neither variable annuities, nor equity indexed annuities without prior written approval of the Division.
- G. McKenzie agrees to cooperate fully with the Division in any future investigations relating to the offer and/or sale of any securities or the rendering of any investment advice in Mississippi or for or with respect to residents of the State of Mississippi.
- H. If Respondent determines to sell non-traditional insurance products such as variable annuities or equity indexed annuities or any other non-

traditional insurance product with prior written approval of the Division, then Respondent agrees that he will keep the following books and records maintained in electronic format as long as they are stored in a secure location and easily accessible for inspection:

1. A file containing all advertising and promotional material circulated to one or more individuals including, but not limited to, business cards, brochures, flyers, booklets, newsletters, seminar material and scripts, website pages, newspaper, radio and television advertisements;
2. A file containing all incoming and outgoing business-related correspondence, including electronic correspondence, to and from customers or prospective customers, affiliated or appointed companies and marketing organizations;
3. A file containing all written and/or verbal complaints received;
4. A file containing all correspondence and documentation relating to matters involving regulatory or law enforcement agencies, and civil and/or criminal proceedings;
5. Copies of all hypothetical illustrations, recommendations, proposals, or reports presented to customers or prospective customers;
6. Copies of all customer statements generated, prepared, or produced by the non-registered person. This does not include customer statements generated by a broker-dealer, bank, insurance company,

or other financial institution which are sent directly to the customer; and,

7. Copies of all customer-signed agreements, contracts, applications, forms, or other documents to be maintained for three years following termination as a customer.
- I. McKenzie agrees to submit to examinations as determined by the Division. The cost of one such examination per year shall be reimbursed by McKenzie.
- J. If McKenzie determines to sell non-traditional insurance products such as variable annuities or equity indexed annuities, or any other non-traditional insurance product with prior written approval of the Division, then McKenzie agrees that should he have any change of employment, or change his affiliation with any corporation, partnership, LLC, or any other entity that may exist under law, then he will notify both the Division and the Mississippi Department of Insurance in writing within thirty (30) days of said change.
- K. This Consent Agreement contains the entire understanding between the parties and supersedes any prior understandings and agreements between them respecting the subject matter of this Consent Agreement.  
  
Furthermore, the Respondent herein represents that he has read each provision, understands each provision, and agrees to each provision herein.
- L. A willful failure to comply with any of the terms, conditions or

obligations of this Agreement will result in Respondent being deemed to be in violation of a lawful order made pursuant to the Act and, therefore, subject to the penalties available under the Act.

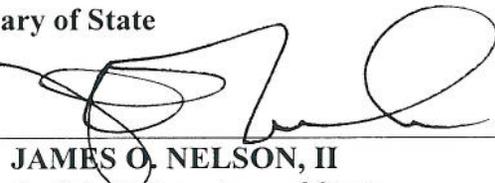
- M. The entry of this Agreement represents the settlement of regulatory claims by the Division against Respondent only and does not, in any way, restrict or affect the rights or causes of action, if any, of any individual or entity.
- N. This Agreement pertains only to those matters set forth in the Order, referred to above, and only to Respondent's involvement therein.
- O. Respondent acknowledges that he has read this Consent Agreement in its entirety and fully understands the rights, terms, and obligations contained therein.

WHEREFORE, the undersigned hereby acknowledges and agrees to the terms and conditions of the foregoing Agreement by written consent.

THIS the 12<sup>th</sup> day of JANUARY, 2007

**ERIC CLARK**  
Secretary of State

By: \_\_\_\_\_



**JAMES O. NELSON, II**  
Assistant Secretary of State  
Business Regulation and Enforcement

**DUANE WEBSTER MCKENZIE**

\_\_\_\_\_  
*Duane W. McKenzie*

Date: 01-16-07

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