

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

FORREST NOLAN JACKSON
(CRD No. 422253),

RESPONDENT.

Disciplinary Proceeding
No. 20100235029-01

Hearing Officer – RLP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 1, 2013

INTRODUCTION

Disciplinary Proceeding No. 20100235029-01 was filed on January 14, 2013 by the Department of Enforcement of the Financial Industry Regulatory Authority (“FINRA” or the “Complainant”). Respondent Forrest Nolan Jackson (“Jackson” or the “Respondent”) submitted an Offer of Settlement (the “Offer”) to Complainant dated January 25, 2013. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (the “NAC”), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of

findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. From in or about February 12, 2007 through in or about July 28, 2008 (the "Relevant Period"), Jackson was registered with FINRA through an association with FINRA member firm PlanMember Securities Corporation (BD No. 11869) ("PlanMember" or the "Firm") as an Investment Company Products Representative ("IR"). Thereafter, from September 1, 2008 through March 2, 2009, April 16, 2009 through July 22, 2009, and August 26, 2009 through January 24, 2011, Jackson was registered through three other FINRA-member firms, as an IR or a General Securities Representative.
2. Although Jackson is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because: (1) the Complaint was filed within two years after the effective date of termination of Jackson's most recent registration with a FINRA member firm; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

3. During the Relevant Period, while registered with FINRA member firm PlanMember, Jackson, working with others through an entity called Your Platinum Distributors or Your

Platinum Distributors Insurance Marketing, Inc. ("Your Platinum"), participated in the sale of at least \$60 million of securities in the form of Diversified Lending Group ("DLG") notes away from his Firm.

4. During the Relevant Period, Your Platinum generated at least \$6 million in gross commission revenues from DLG sales and Jackson received at least \$400,000 of those gross commission revenues. Jackson failed to provide his Firm with prior written notice of these sales and never received written approval to participate in the transactions.
5. This Complaint charges Jackson with engaging in private securities transactions in violation of NASD Conduct Rules 3040 and 2110.

BACKGROUND

Your Platinum

6. On or about January 13, 2006, Jackson created Your Platinum and became its Chief Executive Officer ("CEO").
7. Your Platinum was a wholesale marketer of investment products, including DLG Notes and other investment and insurance products, which marketed those products to other wholesalers, entities, or agents who sold those products to investors (collectively, the "Agents").
8. In or about early 2007, KL and KM joined Your Platinum.
9. Jackson, KL, and KM each had a one-third interest in Your Platinum and each received one-third of its profits.
10. Jackson, KL, and KM were all principals of, or partners in, Your Platinum and all had signatory authority on behalf of Your Platinum.

11. After they joined Your Platinum, KL replaced Jackson as Your Platinum's CEO and KM became Your Platinum's Chief Information Officer.
12. After KL replaced him as CEO, Jackson became responsible for the operations of Your Platinum.

DLG

13. DLG was a California corporation, organized in 2003, that purported to be in the business of acquiring and operating income-producing properties.
14. On or about March 4, 2009, the Securities and Exchange Commission (the "Commission") filed a lawsuit in the United States District Court for the Central District of California (the "District Court") entitled, *Securities and Exchange Commission v. Diversified Lending Group, Inc., et al.*, Case No. CV 09-01533-R-JTLx, alleging that DLG was a multi-million-dollar securities fraud, involving the diversion of a substantial amount of investor money by DLG to undisclosed ventures and the misappropriation of millions of dollars for the personal use of DLG's principal.
15. On the same day that the Commission filed its Complaint, the District Court froze DLG's assets and appointed a Receiver.
16. DLG offered promissory notes in the form of one-year or five-year "Secured Investment Notes" that guaranteed rates of return of 9% or 12% (the "DLG Notes").
17. Each DLG Note was sold through a uniquely numbered contract, each of which specified the investment amount, the issue date, the end date, the "guaranteed period" of one or five years, and the "guaranteed rate" of return over that period of one or five years. The DLG Notes are securities.

18. Applied Equities, Inc. ("AEI") was a wholly owned subsidiary of DLG, which purportedly functioned as DLG's investment servicing division.
19. AEI contracted with agents and other entities, which offered and sold DLG notes in exchange for various sales commissions.
20. On or about March 20, 2007, Jackson signed on behalf of Your Platinum a selling agreement with AEI, through which Your Platinum became an appointed representative of AEI and Your Platinum could solicit and procure applications for, among other things, DLG Notes (the "Your Platinum Agreement"). The Your Platinum Agreement permitted Your Platinum to wholesale market DLG Notes.

SOLE CAUSE OF ACTION
(Selling Away (Private Securities Transactions))
(NASD Conduct Rules 3040 and 2110)

Your Platinum and Jackson Received Commissions for DLG Sales

21. As part of its efforts in marketing DLG Notes, Your Platinum referred the Agents to DLG for the purpose of selling DLG Notes to investors.
22. The Agents that were accepted by DLG would sign contracts with Your Platinum that permitted them to market and solicit DLG Notes through AEI and to be compensated for sales of DLG Notes by Your Platinum.
23. According to the commissions schedule in the Your Platinum Agreement, Your Platinum received transaction-based commissions in connection with sales of DLG Notes by the Agents, based on the term and interest rate of the note purchased and the amount of the investment. Your Platinum retained its share of the commissions and distributed commissions to Agents involved in the DLG Notes sales.

24. During the Relevant Period:

- a. DLG Notes sales for which Your Platinum was compensated as a distributor or wholesaler totaled between \$60 million and \$80 million;
- b. Your Platinum received approximately \$6 million in gross commission revenue from DLG Notes sales;
- c. Your Platinum retained approximately \$1.5 million to \$1.8 million of that gross commission revenue resulting from DLG Notes sales; and
- d. After paying certain expenses it had incurred, Your Platinum distributed one-third of the remaining amount, or approximately \$400,000, to Jackson.

Jackson Participated in Your Platinum's Sales of DLG Notes to Investors

25. In connection with Your Platinum's marketing and distribution of DLG Notes, Jackson attended several meetings at DLG's offices in California, including meetings with DLG's principal, DLG's in-house counsel, and others at DLG.
26. Jackson also attended five or six sales training sessions that DLG required for all individuals and other entities involved in selling DLG Notes.
27. Jackson participated in the sales of DLG Notes by supporting the efforts of the Agents involved in the sales of DLG Notes, including those in direct contact with investors, by, among other things:
- a. serving as an intermediary between the Your Platinum Agents and DLG with respect to DLG and DLG Notes;
 - b. interfacing with Your Platinum Agents on their questions about DLG or DLG Notes;

- c. facilitating payments of commissions to the Your Platinum Agents involved in DLG Notes sales and communicating with Your Platinum Agents concerning those commission payments;
- d. facilitating the reimbursement of expenses incurred by Your Platinum Agents in connection with efforts to sell DLG Notes, including for attending DLG training sessions at DLG's offices in California;
- e. making sure that the Your Platinum Agents had DLG marketing kits and other materials used to solicit investments in DLG Notes and facilitating DLG's distribution of those marketing kits and other materials;
- f. making sure that Your Platinum Agents had required documents and licenses;
- g. scheduling appointments for Your Platinum Agents to meet with DLG and making travel and hotel arrangements for Your Platinum Agents to visit DLG's offices in California and receive the DLG sales training sessions; and
- h. assisting in the contracting with Your Platinum Agents, under which the Your Platinum Agents were permitted to sell DLG Notes.

28. Jackson, who was responsible for the operations of Your Platinum, also participated in the sales of DLG Notes under the Your Platinum Agreement by, among other things:

- a. executing the Your Platinum Agreement, under which Your Platinum marketed DLG Notes;
- b. allegedly performing due diligence on DLG and DLG Notes; and
- c. reviewing and maintaining Your Platinum's bank account statements, which tracked, among other things, payments from AEI resulting from DLG Notes sales and commissions and other payments to the Agents.

29. Jackson also participated in the sales of DLG Notes by investing \$76,000 of his own funds in DLG Notes and by referring family members to DLG, who themselves invested a total of \$100,000 in DLG Notes.

*Jackson Failed To Provide PlanMember with Prior Written Disclosure
of Your Platinum's Sales of DLG Notes*

30. DLG Notes were not approved by PlanMember and were not available for sale through the Firm.

31. On or about February 22, 2007, Jackson prepared and provided to PlanMember an outside business disclosure form disclosing Your Platinum (the "Your Platinum OBA Form").

32. On the Your Platinum OBA Form, Jackson stated that he:

- a. was the "President" of Your Platinum with duties to "oversee activities";
- b. had signatory authority; and
- c. co-owned Your Platinum, would be paid by commissions, and would earn approximately \$100,000 per year.

33. The Your Platinum OBA Form stated that the nature of Your Platinum's business was "wholesaling fixed annuities."

34. The Your Platinum OBA Form did not refer to DLG, DLG Notes, securities, or any investment products other than "fixed annuities."

35. Jackson did not provide written disclosure to PlanMember of DLG or his Your Platinum activities with respect to DLG prior to participating in sales of DLG Notes.

36. Jackson did not provide written disclosure to PlanMember of the Your Platinum Agreement or his involvement in any securities transactions involving DLG Notes.

37. Jackson did not give prior written notice, or any notice at all, to PlanMember of his intention to participate in the sales of DLG Notes.

38. Jackson did not obtain written approval from PlanMember to participate in DLG Notes transactions.

39. In sum, Jackson, acting outside the course and scope of his employment with his employing member firm PlanMember, participated in private securities transactions involving DLG Notes from which he received selling compensation without providing prior written notice to the Firm of his proposed role in, or the selling compensation that he may receive from, the transactions. Further, Jackson never received written approval from the Firm to participate in private securities transactions involving DLG Notes.

40. By reason of the foregoing, Jackson violated NASD Conduct Rules 3040 and 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

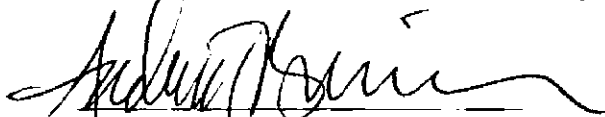
- Barred from associating with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority

A handwritten signature in black ink, appearing to read 'Andrew T. Beirne', written over a horizontal line.

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