

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO

STATE OF IDAHO, Department of Finance, Securities Bureau,)	Docket No. 2003-7-39
)	
Complainant,)	AGREEMENT AND ORDER
)	
vs.)	
)	
)	
KIM WHITING,)	
)	
Respondent.)	

The Director of the Department of Finance has investigated the conduct of Kim Whiting ("Whiting") in the securities business. Pursuant to said investigation, it appears to the Director that violations of the Idaho Securities Act, Idaho Code §30-1401, *et seq.*, have occurred. The Director and Respondent have agreed to resolve this matter without a public hearing.

BACKGROUND

1. Respondent Whiting became an Idaho registered representative of WGS on April 12, 2002.
2. On January 29, 2003, representatives of the Complainant conducted a limited scope examination of the WGS registered representative information. This examination took place at the WGS branch office located at 6901 West

Emerald, Ste. 201 Boise, ID. Respondent Whiting is the OSJ and BOM of the
aforementioned Boise location.

DEPARTMENT'S FINDINGS AND CONCLUSIONS

3. WGS procedures require representatives wishing to engage in outside business activities (OBA) to submit to the BOM 1) a completed Form U-4 amendment, 2) an outside business activities questionnaire, and 3) obtain the BOM's written approval before engaging in the activity. Upon approval of the OBA, the BOM is instructed to send an approval letter to the representative and the WGS Registration Department, which will then update the representative's Form U-4.
4. The Boise examination found:
 - Respondent Whiting had failed to amend his Form U-4 to reflect his affiliation and ownership of Community Financial Group, a mortgage-brokering firm.
 - An incomplete OBA form for Community Financial Group was located in Respondent Whiting's file.
 - Seven representatives that Whiting supervised had failed to complete U-4 amendments for OBA.
 - Four representatives that Whiting supervised had failed to complete an OBA questionnaire.

It appears that confusion may have existed among WGS registered representatives concerning the need for OBA disclosure because of the Affiliate Broker Program instituted by WGS. However, WGS issued several

Compliance Bulletins, including a Compliance Bulletin on December 19, 2002 regarding OBA concerns addressed in the Complainant's initial comment letter. As of January 29, 2003, as evidenced through the Boise branch office examination, corrections had not been implemented in the Boise office. Respondent Whiting failed to take corrective action relating to the violations of OBA procedural requirements and to enforce WGS's procedures. Thus, the Department concludes that Respondent Whiting failed to exercise diligent supervision over the securities activities of his designated representatives.

5. NASD Rule 3010(a)(5) requires the assignment of each registered person to an appropriately registered representative and/or principal who shall be responsible for supervising that person's activities.
6. Rule 124 of the Idaho Securities Act establishes that any substantial violation of NASD Rules of Fair Practice or similar rules established by other self-regulator organizations shall constitute a violation of the Idaho Rules.
7. Rule 80 of the Idaho Securities Act requires salesmen of a broker-dealer to provide written notice to their broker-dealer of their proposed outside business activities.
8. Rule 119.01 of the Idaho Securities Act requires every broker-dealer to exercise diligent supervision over the securities activities of all its salesmen and employees.
9. 119.03(d) of the Idaho Securities Act requires every broker-dealer to establish, maintain and enforce written procedures including the review of back office

operations which include systems and procedures pertaining to the currency and accuracy of books and records.

10. The Department concludes that Respondent Whiting violated Rule 80, 119.01, 199.03 and 124 of the Idaho Securities Act.

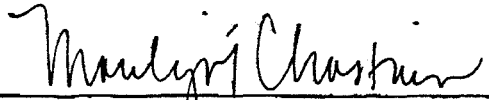
REMEDIES

17. Respondent Whiting neither admits nor denies the Department's findings and conclusions contained in this Agreement and Order.
18. Respondent Whiting agrees to pass the Series 26 examination within ninety (90) days of the date of this Agreement and Order as a condition to retention of his OSJ and BOM roles and supervisory responsibilities over WGS' Boise office.
19. Respondent agrees to comply with the provisions of the Idaho Securities Act in future securities transactions. Respondent further agrees that, should the Director find in the future that Respondent has committed any additional violations of the Act, the Department may use all allegations contained in the Agreement and Order, and any other allegations concerning violation of the Act by Respondent, in any subsequent proceeding.

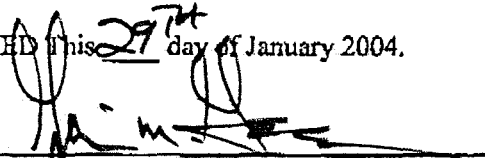
DONE AND DATED at Boise, Idaho this 22 day of January 2004.


KIM WHITING
OSJ
World Group Securities, Inc.

DONE AND DATED at Boise, Idaho this 29th day of January 2004.


MARILYN T. CHASTAIN
Bureau Chief, Securities Bureau
Department of Finance, State of Idaho

IT IS SO ORDERED This 29th day of January 2004.


GAVIN M. GEE
Director
Department of Finance, State of Idaho

