

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

STATE OF IDAHO, Department of Finance,
Securities Bureau,
Complainant,

vs.

JAMES A. BATTEN,
Respondent.

Docket No. 2007-7-16

AGREEMENT AND ORDER

The Director of the Department of Finance has instituted an investigation into the conduct of Respondent. Pursuant to said investigation it appears to the Director that violations of the Idaho Uniform Securities Act (2004), Idaho Code 30-14-101 *et seq.* have occurred. The Director and Respondent have agreed to resolve this matter without a public hearing or other adjudication of this matter. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered, and the Respondent consents to the entry of this Agreement and Order.

RESPONDENT

1) Respondent James A. Batten is an Idaho resident and was a registered representative for United Heritage Financial Services, Inc. ("UHFS") from August 30, 2004 until March 7, 2007. Respondent is now a registered representative of Capital Financial Services, Inc.

2) During June 2004 the Department entered into an Agreement and Order (Docket No. 2002-7-17) with Respondent Batten for engaging in deceptive or manipulative acts in connection with the offer and sale of securities to Idaho investors. Respondent offered restitution to investors, was fined \$5,000 and served a five day suspension.

3) On July 19-21, 2006, the Complainant conducted a routine examination of Respondent's office located at 1471 Shoreline Drive, Suite 106, in Boise, Idaho. Complainant provided a list of examination findings which included compliance

deficiencies to Respondent on February 23, 2007. Respondent provided a written response on February 27, 2007.

FINDINGS OF FACT

4) Respondent issued correspondence to a client that contained material misrepresentations regarding a comparison of SIPC insurance and FDIC insurance. Respondent represented that SIPC insurance provided a full guarantee, comparable to FDIC insurance, to the investor. This correspondence was not reviewed or approved by the UHFS Chief Compliance Officer.

VIOLATION

Product Representation – Count 1

5) Complainant's examination revealed that Respondent issued correspondence dated November 9, 2004 to a client that materially misrepresented SIPC insurance coverage on securities as a full guarantee (against loss) to the investor. Respondent made a direct comparison of SIPC insurance to FDIC insurance.

6) In connection with the offer and sale of securities to Idaho investors, Respondent engaged in deceptive or manipulative acts or practices as defined under Rule 104.14 of the Rules Pursuant to the IUSA.

7) Deceptive or manipulative acts or practices are further defined as dishonest or unethical acts or practices which may operate as a fraud or deceit as enumerated in Idaho Code § 30-14-501.

8) Respondent in written communication to a client violated NASD Conduct Rule 2200 which concerns Communications with Customers and the Public.

9) Rule 104.27 pursuant to the IUSA provides that failing to comply with any applicable provision of the Conduct Rules and any other Rules of Fair Practice of the National Association of Securities Dealers (NASD) or any fair practice or ethical standard promulgated by the Securities and Exchange Commission (SEC) or by any other self-regulatory organization approved by the SEC is considered a fraudulent, dishonest and unethical business practice.

10) Respondent's misrepresentation of the value of SIPC insurance is a violation of the UHFS Policy Manual, number 11, page 27. UHFS prohibits sending business correspondence to clients until a copy is reviewed and initialed by a principal. The correspondence was not reviewed and approved by an UHFS principal.

REMEDIES

11) Respondent agrees to comply with all the provisions of the IUSA and Rules promulgated thereunder in the future. Respondent Batten failed to adhere to terms of Order # 2002-7-17 where agreement was made to abide by the Idaho Securities Act in the future.


12) Respondent admits to the respective violations contained in this Order.

13) Respondent agrees to a seven (7) day suspension of his securities registration beginning April 18 and ending April 24, 2008.

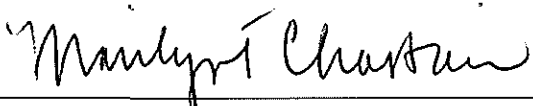
14) Respondent agrees to remit a fine of \$3,000 within thirty (30) days of the date of this Order.

15) Respondent acknowledges and agrees that the violation contained herein may be used by Complainant against Respondent in subsequent proceedings in the event that Respondent violates the Idaho Uniform Securities Act (2004) at any time in the future.

DONE AND DATED at Boise, Idaho this 21st day of February, 2008.

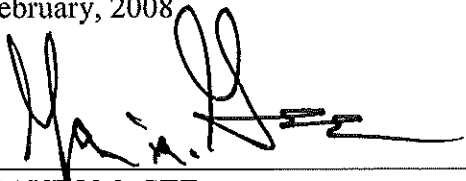


JAMES A. BATTEN



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

IT IS SO ORDERED This 22nd day of February, 2008



GAVIN M. GEE
Director of Finance

