

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

DEVON J. CARLSON,

Docket No. 11 E 004

KSC No. 2009-5592

Respondent.

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**ORDER TO BAR RESPONDENT DEVON J. CARLSON
FROM ASSOCIATION WITH ANY
BROKER-DEALER OR INVESTMENT ADVISER**

The above-entitled matter comes for consideration by the Securities Commissioner of Kansas. Pursuant to a plea agreement in State v. DeVon J. Carlson, Johnson County District Court Case No. 10CR1847, staff for the Office of the Securities Commissioner entered into an agreement with Respondent DeVon J. Carlson for final disposition of this matter without further proceedings. In the plea agreement, respondent Carlson agreed to the following:

The Defendant hereby consents to the immediate entry of an administrative order by the Securities Commissioner to permanently bar the Defendant from associating with any broker-dealer or investment adviser registered in the State of Kansas. For purposes of the administrative order, the Defendant admits the facts alleged in the Affidavit and Application for Arrest Warrant and acknowledges that they establish grounds for an order of sanctions under K.S.A. 17-12a604. The Defendant waives his right to an administrative hearing to contest the order and waives the right to seek judicial review of the order.

In accordance with that agreement, the Commissioner finds as follows:

Findings of Fact

1. The facts alleged in the Affidavit and Application for Arrest Warrant are true, including the following allegations:

- Between March 31, 1997, and May 10, 2007, Respondent Carlson was employed by Waddell & Reed, Inc. as a financial advisor. His principal place of business was a branch office of Waddell & Reed located in Johnson County, Kansas at 6900 College Boulevard, Suite 740, Overland Park, Kansas 66211.
 - During the time of his employment, Respondent Carlson was registered with the Office of the Securities Commissioner as an agent and as an investment adviser representative of Waddell & Reed. He was also registered with the Financial Industry Regulatory Authority (“Finra”) as a registered representative of Waddell & Reed.
 - On May 10, 2007, Respondent Carlson was terminated by Waddell & Reed for misappropriation of client funds after an internal review by the company. Because association with a broker-dealer is required for state and Finra registration, the Respondent’s registrations with the Office of the Securities Commissioner and Finra were automatically terminated when he lost his job.
 - On February 28, 2008, Respondent Carlson entered into an Acceptance, Waiver & Consent agreement with Finra in which he was barred from association with any Finra member firm in the future. Finra alleged that the Defendant failed to observe high standards of commercial honor and just and equitable principles of trade, and that he failed to respond to their requests for information. Carlson entered into the settlement agreement without admitting or denying guilt.
2. On October 7, 2010, Respondent Carlson pled guilty to six felony crimes related to the activities described in an Affidavit and Application for Arrest Warrant filed in Johnson County District Court Case No. 10CR1847, including two counts of securities fraud in violation of K.S.A. 17-12a501.

Conclusions of Law

1. The Respondent has violated K.S.A. 17-12a501.
2. Adequate grounds exist under K.S.A. 17-12a604(b) to bar the respondent from associating with any broker-dealer or investment adviser registered in the State of Kansas, and such an order is in the public interest.

IT IS, THEREFORE, ORDERED BY THE COMMISSIONER that respondent DeVon J. Carlson is hereby permanently BARRED from association with any broker-dealer or investment adviser registered in the State of Kansas.

IT IS SO ORDERED this 11th day of October, 2010.

/s/ Marc S. Wilson
MARC S. WILSON
Securities Commissioner

NOTICES:

- (1) Pursuant to K.S.A. 17-12a508, any intentional violation of any order issued by the Securities Commissioner of Kansas is a felony criminal offense.**
- (2) Pursuant to K.S.A. 17-12a401(c) and K.S.A. 12a403(c), it is a felony criminal offense for a broker-dealer or investment adviser to employ or associate with an individual who has been barred.**
- (3) This decision may constitute final agency action that is subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Marc S. Wilson, Securities Commissioner, at 109 SW 9th Street, Ste 600, Topeka, KS 66612.**