

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of  
BRIAN S. HENKEL and  
ING FINANCIAL PARTNERS, INC.

PETITION FOR ORDER

Respondent.

File No. S-04192(LX)

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The staffs of the Bureau of Licensing & Compliance and the Enforcement Unit, Bureau of Registration & Enforcement, of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof allege as follows:

1. Brian S. Henkel (“Henkel”) is a licensed securities agent (CRD #2711787) with a last known business address at 71 S. Stevens St., Rhinelander WI 54501;
2. ING Financial Partners, Inc, f/k/a Locust Street Securities, Inc.(“ING”) is a licensed broker-dealer (CRD # 2992) with an address at 909 Locust St., Des Moines IA 50309;
3. On November 21, 1996, the client opened a securities account at ING with Henkel as the securities agent;
4. From December 1998 through April 1999, at the recommendation of Henkel, the client purchased class C shares of the ING Global Brand Names Fund, with the final investment in this Fund totaling approximately \$12,000,000;
5. From July 1999 through November 1999, a the recommendation of Henkel, the client purchased class C shares of the ING Large Cap Growth Fund, with the final investment totaling almost \$14,000,000;
6. The staff asked ING to explain why Henkel sold class C shares rather than class A shares to the client;
7. When asked by Henkel sold Class C shares, rather than Class A shares, ING Financial Partners stated:

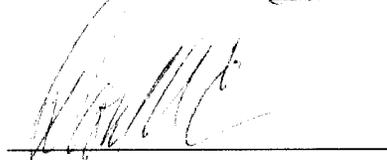
C shares were chosen because Henkel provided numerous other administrative and bookkeeping services to the [client] for which he did not receive additional compensation. The [client] recognized his valuable contributions, and therefore agreed to the use of C shares as a method of providing him with compensation for such work. Finally, please note that the new account record signed by March 1998 by A.A., she indicated the

following in the comment section on page 2: "C shares will be purchased. C shares will have higher expensed than A shares."

8. This rationale is directly contradicted by NASD Regulatory and Compliance Alert (Summer 2000) as well as Harold R. Fenocchio, 46 SEC 279 (1976), Robert L. Den Herder, 53 SEC 329 (1997), Kenneth C. Krull, 53 SEC 1101 (1998), and Wendell D. Beldon, 2003 SEC 1154 (2003);
9. Pursuant to DFI-Sec 4.06, Wis. Adm. Code, Henkel's actions in recommending to the client the purchase of the class C shares were made without reasonable grounds to believe that the recommendation were suitable for the customer, and are deemed to be "dishonest or unethical business practices" or "taking unfair advantage of a customer" and provide a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of his license;
10. ING has failed reasonably to supervise Henkel, which provides a basis, pursuant to sec. 551.34(1)(j), Wis. Stats., for the censure of its license.

THEREFORE, the staffs of the Bureaus of Licensing & Compliance and Registration & Enforcement petition the Administrator for the issuance of the attached Order.

DATED this 27<sup>th</sup> day of August, 2006.



David A. Cohen  
Supervising Attorney  
Bureau of Registration & Enforcement



Barbara R. Olson  
Examiner  
Bureau of Licensing & Compliance