

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 54483 / September 22, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12425**

**In the Matter of**

**DENNIS B. WATTS,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Dennis B. Watts (“Watts” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. For the period of November 1999 through May 2001, Watts was associated with an unregistered broker-dealer.

2. On September 8, 2006, a final judgment was entered by consent against Watts permanently enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, in the civil action entitled *Securities and Exchange Commission v. Dennis B. Watts, et al.*, Civil Action Number 5-02-CV-109-C in the United States District Court for the Northern District of Texas.

3. The Commission's complaint alleged that from November 1999 through May 2001, Watts, along with others operating under the assumed name of Senior Benefit Plans, fraudulently offered and sold to at least eighty investors approximately \$5 million of unregistered securities. Through the use of newspaper advertisements, seminars, and their pre-existing relationships with some clients, Watts and others offered and sold securities that were characterized as high return, no risk, and safe investments in pay telephone lease programs. These pay telephone lease programs, issued by Phoenix Telecom, L.L.C. and Alpha Telcom, Inc., and its subsidiary American Telecommunications Company, Inc., were falsely represented to investors as being safe and risk free. In reality, the investment opportunities were extremely high risk securities offerings that were unregistered with the Commission. Watts received over \$500,000 in undisclosed commissions from the sales of these securities.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions specified in Respondent Watts' Offer.

#### **ACCORDINGLY, IT IS HEREBY ORDERED:**

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Watts be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order;

and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris  
Secretary