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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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Phone: (512) 305-8300
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SOAH DOCKET NO. 312-16-5589 SSB DOCKET NO. IC16-04

IN THE MATTER OF THE
INVESTMENT ADVISER
REGISTRATION OF
LAWRENCE ALLEN DESHETLER
DBA PARTNERS INVESTMENT
ADVISORS

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

TO: Lawrence Allen Deshetler CRD #1114673
Partners Investment Advisors CRD #165187
74 Lyric Arbor Circle
The Woodlands, Texas 77393

NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will be held at the State Office of Administrative Hearings, in the William P. Clements Building, 300 W. 15th Street, 4th Floor, Austin, Texas 78701, before an Administrative Law Judge beginning on **September 27, 2016 at 9am Central** for the purpose of determining whether the registration of Lawrence Allen Deshetler ("Respondent"), an investment adviser representative registered with the Securities Commissioner of Texas ("Securities Commissioner"), should be REVOKED and for the purpose of determining whether Respondent should be ordered to CEASE AND DESIST from engaging in fraudulent conduct.

This hearing will be held pursuant to The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 & Supp. 2015)("Texas Securities Act"); the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapter 101 (Supp. 2015)("Board Rules"); the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2015); and the Rules of Practice and

Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (Supp. 2015)("SOAH Rules").

IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.

THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE STAFF OF THE STATE SECURITIES BOARD AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS AND ALSO SERVED ON THE STAFF OF THE STATE SECURITIES BOARD.

IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED AND SERVED, THE FACTUAL ALLEGATIONS IN THIS NOTICE COULD BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND MAY GRANT THE RELIEF SOUGHT IN THIS NOTICE.

CONTACT INFORMATION

Callie Hester, Esq.
Ronak V. Patel, Esq.
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8340

Docketing Office
State Office of Administrative Hearings
300 W. 15th Street, Suite 504
Austin, Texas 78701
Telephone: (512) 475-3445
Facsimile: (512) 475-4994

Pursuant to §105.8 of the Board Rules, all documents filed by any party, other than business records and transcripts must be contemporaneously served upon the Securities Commissioner's representative as identified below:

Marlene Sparkman, General Counsel
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

Legal authority and jurisdiction for this matter exist under Sections 14 and 23 of the Texas Securities Act, Section 2003.021(b) of the Texas Government Code, and Section 155.51 of the SOAH Rules.

The staff of the Texas State Securities Board ("Staff") will present evidence in support of its request that Respondent's registration with the Securities Commissioner be REVOKED and Respondent be ordered to CEASE AND DESIST from engaging in fraudulent conduct.

The evidence provided by the Staff will prove the following:

I. Respondent

1. On February 3, 2014 Respondent registered with the Securities Commissioner as an investment adviser. This registration is currently effective.

II. Fraudulent Business Practice

2. In January 2016, a sixty-three (63) year old Texas resident ("Client") became a client of Respondent.
3. Respondent told Client that Client should move Client's money out of Client's current individual retirement account (IRA) and instead invest in a new IRA which Respondent would recommend.
4. Respondent advised the Client to cash out Client's current IRA and received a check for the invested amount of \$726,985.19.
5. Respondent instructed Client to endorse Client's check and Respondent would deposit it into a new IRA.
6. On or about January 21, 2016 Respondent deposited \$726,785.19 of Client's money into a bank account which Respondent maintained and had sole signatory authority over.
7. Respondent did not deposit Client's money into an IRA. Client had no access or control over the account Client's money was deposited into.
8. In order to further the impression that the Client's money had been placed in an IRA, Respondent wired money to Client each month in the same amount as the Client previously received as a distribution from her IRA after an amount for income taxes was withheld. Respondent misrepresented to Client that this money was a monthly IRA distribution with income taxes withheld.
9. Respondent spent a portion of the Client's money on personal expenses such as restaurants, pool cleaning services, country club expenses and clothing.
10. Respondent's misrepresentation to Client that Respondent would deposit Client's money into an IRA constitutes a fraudulent business practices and fraud with respect to rendering services as an investment adviser or investment adviser representative.

11. Respondent's misrepresentation to Client that Respondent would deposit Client's money in an IRA constitutes fraud or fraudulent practice in connection with the rendering of services as an investment adviser.
12. Respondent owes Respondent's clients certain fiduciary duties.
13. Respondent's personal use of Client's funds without authority is a breach of the fiduciary duties owed to Respondent's clients, and therefore constitutes a fraudulent business practice and fraud with respect to rendering services as an investment adviser.
14. Respondent's personal use of Client's funds without authority is a breach of the fiduciary duties owed to Respondent's clients, and therefore constitutes fraud or fraudulent practices in connection with rendering of services as an investment adviser.
15. Respondent's personal use of Client's funds without authorization is a fraudulent business practice and fraud in respect to rendering services as an investment adviser.
16. Respondent's personal use of Client's funds without authorization is a fraud or fraudulent practices in connection with rendering of services as an investment adviser.

III. Legal Authority

17. Section 4.F of the Texas Securities Act states:

The terms "fraud" or "fraudulent practice" shall include any misrepresentations, in any manner, of a relevant fact; any promise or representation or prediction as to the future not made honestly and in good faith, or an intentional failure to disclose a material fact; the gaining, directly or indirectly, through the sale of any security, of an underwriting or promotion fee or profit, selling or managing commission or profit, so gross or exorbitant as to be unconscionable; any scheme, device or other artifice to obtain such profit, fee or commission; provided, that nothing herein shall limit or diminish the full meaning of the terms "fraud," "fraudulent," and "fraudulent practice" as applied or accepted in courts of law or equity.

18. Section 14 of the Texas Securities Act states in part:

A. The Commissioner may ... revoke a registration issued under this Act ... if the person ...

(3) has engaged in ... any fraudulent business practice

19. Pursuant to Section 14.A(3) of the Texas Securities Act, the aforementioned fraudulent business practices are bases for the revocation of Respondent's registration with the Securities Commissioner.
20. Pursuant to Section 23.B(1) of the Texas Securities Act, the Securities Commissioner may issue a cease and desist order requiring Respondent to immediately cease and desist from engaging in fraudulent conduct.

IV. Relief Requested

Based on the foregoing allegations, the Staff requests that the Securities Commissioner issue an Order:

- a. REVOKING Respondent's registration with the Securities Commissioner;
- b. Ordering the Respondent to CEASE AND DESIST from engaging in fraudulent conduct.

Pursuant to §105.13 of the Board Rules, the Staff respectfully requests that the State Office of Administrative Hearings order that all costs charged to the Texas State Securities Board by any court reporting service involved in this matter be assessed against the Respondent.

You are invited to appear personally, with, without, or through counsel, and to present any and all evidence relating to the matters set forth in this Notice.

Signed this 9th day of August, 2016.



Tommy Green
Director of Inspections & Compliance

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been sent via certified mail to the Respondent, and to the Securities Commissioner's Representative by hand-delivery, done on this, the 9th day of August 2016.

Lawrence Allen Deshetler
Partners Investment Advisors
74 Lyric Arbor Circle
The Woodlands, Texas 77393

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Partners Investment Advisors
PO Box 132498
The Woodlands, Texas 77393

Lawrence Allen Deshetler
15000 Mansion View Drive
Apt 1604
Conroe, Texas 77384

Marlene Sparkman
General Counsel
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street 5th Floor
Austin, Texas 78701
(512) 305-8300
(512) 305-8336

VIA HAND-DELIVERY



Callie A. Hester
Texas State Bar No. 24070951