

JOHN MORGAN
SECURITIES COMMISSIONER



BETH ANN BLACKWOOD
CHAIR

DERRICK MITCHELL
MEMBER

E. WALLY KINNEY
MEMBER

DAVID A. APPELBY
MEMBER

ALAN WALDROP
MEMBER

RONAK V. PATEL
DEPUTY SECURITIES COMMISSIONER

Texas State Securities Board

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

Phone: (512) 305-8300
Facsimile: (512) 305-8310

IN THE MATTER OF THE AGENT
AND INVESTMENT ADVISER
REPRESENTATIVE
REGISTRATIONS OF
LLOYD JAMES CHAPPELL

§
§
§
§
§

Order No. IC14-REV-01

DEFAULT ORDER

Be it remembered that this is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of a DEFAULT ORDER pursuant to Section 14 of The Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581-14 (West 2010)("Texas Securities Act") and §105.10(a)(1) of the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapter 105 (Supp. 2013)("Board Rules").

FINDINGS OF FACT

The staff of the Inspections and Compliance Division of the Texas State Securities Board (the "Staff") has presented evidence sufficient for the Securities Commissioner to find that:

1. On November 19, 2013, a Notice of Hearing, SOAH DOCKET NO. 312-14-0996, SSB DOCKET NO. IC14-02 (the "Notice"),¹ was sent via certified mail to Lloyd James Chappell ("Respondent"). The Notice was sent to Respondent's last known business address and last known residential address as shown by the records of the Texas State Securities Board.
2. The Notice contained the following statement as required by the Board 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 WILL BE DEEMED ADMITTED, AND THE

¹ Exhibit A to this Default Order

SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND 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.

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

3. Within the Notice the Staff set forth certain matters related to Respondent's activities and requested that Respondent's registrations with the Securities Commissioner be revoked.
4. Respondent did not file a written answer or other responsive pleading to the matters asserted in the Notice on or before the 20th day after the date the Notice was mailed to Respondent's last known business address and last known residential address as shown by the records of the Texas State Securities Board.
5. On January 7, 2014, the Staff requested that the matter be dismissed from the SOAH docket for informal disposition pursuant to the Board Rules.
6. On January 9, 2014, Administrative Law Judge Gary W. Elkins issued an Order granting the Staff's request to dismiss the matter from the SOAH docket.

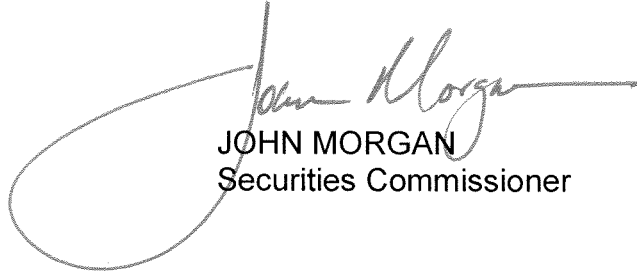
CONCLUSIONS OF LAW

1. Pursuant to §105.10(a)(1) of the Board Rules, the matters set forth and alleged by the Staff in the Notice are deemed admitted as true with respect to Respondent.
2. Pursuant to §105.10(a)(1) of the Board Rules and Section 14 of the Texas Securities Act, the relief requested in the Notice with respect to Respondent is granted.

ORDER

It is therefore ORDERED that the agent and investment adviser representative registrations of Lloyd James Chappell are hereby REVOKED.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 13th
day of January, 2014.



JOHN MORGAN
Securities Commissioner

JOHN MORGAN
SECURITIES COMMISSIONER

RONAK V. PATEL
DEPUTY SECURITIES COMMISSIONER

Mail: P O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310



Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

BETH ANN BLACKWOOD
CHAIR

DERRICK MITCHELL
MEMBER

E. WALLY KINNEY
MEMBER

DAVID A. APPELBY
MEMBER

ALAN WALDROP
MEMBER

SOAH DOCKET NO. 312-14-0996 SSB DOCKET NO. IC14-02

IN THE MATTER OF THE AGENT
AND INVESTMENT ADVISER
REPRESENTATIVE
REGISTRATIONS OF
LLOYD JAMES CHAPPELL

§
§
§
§
§

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

TO: Lloyd James Chappell (CRD# 2535801)
BFT Financial Group, LLC
2312 School Lane
Bedford, TX 76021

Lloyd James Chappell
582 Trailcrest Drive
Garland, TX 75043

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 on **January 16, 2014**, at **9:00 AM Central Time** for the purpose of determining whether the registrations of Lloyd James Chappell ("Respondent") with the Securities Commissioner of Texas ("Securities Commissioner") as an agent and investment adviser representative of BFT Financial Group, LLC should be REVOKED.

This hearing will be held pursuant to The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 & Supp. 2013)("Texas Securities Act"); the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapters 101 to 139 (Supp. 2013)("Board Rules"); the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2013); and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (Supp. 2011)("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 WILL BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND 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.

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

CONTACT INFORMATION

Clinton T. Edgar
Texas State Securities Board
208 E. 10th Street, Suite 610
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, and all documents issued by the Administrative Law Judge 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, Suite 610
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

Legal authority and jurisdiction for this matter exist under Section 14 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 (the "Staff") will present evidence in support of its request that the registrations of Respondent with the Securities Commissioner be REVOKED. The evidence presented by the Staff will prove the following:

I. Registrations Summary

1. Respondent is a natural person whose last known business address is 2312 School Lane, Bedford, Texas 76021 and whose last known residential address is 582 Trailcrest Drive, Garland, Texas 75043.
2. On August 22, 2013, Respondent registered with the Securities Commissioner as an agent of BFT Financial Group, LLC. This registration is currently effective.
3. On July 22, 2013, Respondent registered with the Securities Commissioner as an investment adviser representative of BFT Financial Group, LLC. This registration is currently effective.

II. Misrepresentations to Investment Company

4. From January 4, 2000 until April 16, 2013, Respondent was registered with the Securities Commissioner as both an agent and investment adviser representative of Park Avenue Securities, LLC ("Park Avenue").
5. While registered with Park Avenue, Respondent was listed as the agent of record on accounts held directly with an investment company ("Company") for certain Park Avenue clients ("Shareholders").
6. On April 16, 2013, Respondent resigned from Park Avenue.
7. On multiple occasions from May 2013 through August 2013, Respondent contacted the Company and pretended to be several Shareholders in order to obtain information related to the Shareholders and their accounts with the Company. In support of these efforts, Respondent impersonated the Shareholders by altering his voice.
8. Specifically, Respondent made the following representations to the Company:
 - a. On or about May 21, 2013, Respondent represented to the Company that he was Shareholder EN. Although Respondent did not have EN's account number, Respondent provided EN's social security number and date of birth to request account balances and monthly contribution amounts for EN's accounts;
 - b. On or about May 21, 2013, Respondent represented to the Company that he was Shareholder ML. Respondent provided ML's account numbers, social security number, and date of birth to request account balances and monthly contribution amounts for ML's accounts;
 - c. On or about July 9, 2013, Respondent represented to the Company that he was Shareholder MS. Respondent provided MS's account number, social security number, and date of birth to request monthly contribution amounts for an account of MS; and

- d. On or about August 7, 2013, Respondent represented to the Company that he was Shareholder AT and provided AT's social security number and date of birth. Respondent requested Shareholder AT's account number and asked how he could establish online access to AT's account. Later that day, Respondent again represented to the Company that he was Shareholder AT in connection with a question regarding AT's account statements.

Notably, Respondent spoke English both times he contacted the Company impersonating Shareholder AT. However, Shareholder AT did not normally communicate with the Company in English because her English is limited.

9. Each of Respondent's representations to the Company that he was one of the aforementioned Shareholders was a misrepresentation of a relevant fact. These misrepresentations of relevant facts constitute fraudulent business practices.

III. Misrepresentations to Securities Commissioner

10. On November 12, 2013, the Staff contacted Respondent via telephone to question Respondent about the aforementioned representations to the Company.
11. The Staff sought this information because it was necessary to determine Respondent's business repute or qualifications.
12. The Staff asked Respondent if Respondent had impersonated any Shareholders.
13. Respondent repeatedly represented to the Staff that he had not impersonated any Shareholders.
14. Accordingly, Respondent's representations to the Staff constitute material misrepresentations to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine Respondent's business repute or qualifications.

IV. Legal Authority

15. 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;

(7) has made any material misrepresentation to the Commissioner or Board in connection with information deemed necessary by the Commissioner or Board to determine a[n] ... agent's, or ... investment adviser representative's business repute or qualifications ... ;

16. Pursuant to Section 14.A(3) of the Texas Securities Act, the aforementioned fraudulent business practices are bases for the revocation of Respondent's registrations with the Securities Commissioner.
17. Pursuant to Section 14.A(7) of the Texas Securities Act, the aforementioned material misrepresentations to the Securities Commissioner are bases for the revocation of Respondent's registrations with the Securities Commissioner.


V. Relief Requested

Based on the foregoing allegations, the Staff requests that the Securities Commissioner issue an Order REVOKING Respondent's registrations with the Securities Commissioner.

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 Respondents.

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 19th day of November, 2013.



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 19th day of November, 2013.

Lloyd James Chappell
BFT Financial Group, LLC
2312 School Lane
Bedford, TX 76021

VIA CERTIFIED MAIL #9171999991703062324359

Lloyd James Chappell
582 Trailcrest Drive
Garland, TX 75043

VIA CERTIFIED MAIL #9171999991703062324359

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

VIA HAND-DELIVERY



Clinton T. Edgar
Attorney
Inspections & Compliance Division