

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER

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MEMBER

SSB Docket No. 03-023

IN THE MATTER OF THE
DEALER REGISTRATION OF
PREMIER GROUP, INC.
AND THE AGENT REGISTRATION
OF HUGH JOHN GRAHAM

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Order No. CAF/SUS-1514

TO: Mr. Hugh John Graham, President
Premier Group, Inc. (CRD # 47346)
8610 Broadway, Suite 100
San Antonio, Texas 78217

Mr. Hugh John Graham (CRD # 1542345)
8610 Broadway, Suite 100
San Antonio, Texas 78217

DISCIPLINARY ORDER

Be it remembered that Premier Group, Inc. ("Respondent Premier"), by and through its President, Hugh John Graham, and Hugh John Graham ("Respondent Graham"), individually, (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2003) ("Administrative Procedure Act").

2. Respondent Premier registered on or about September 29, 1999, with the Securities Commissioner as a securities dealer restricted to the sale of interests in direct participation programs.
3. Respondent Graham registered on or about September 29, 1999, with the Securities Commissioner as an agent of Respondent Premier and is Respondent Premier's president.
4. On or about September 29, 1999, Respondent Premier, through Respondent Graham, and Respondent Graham entered into Consent Order CAF-1371 ("Consent Order") with the Securities Commissioner which included findings that Respondents had engaged in unregistered securities activity.
5. The Consent Order contained an undertaking which included the following: "Respondent Premier agrees not to employ or use any person or entity to offer for sale or sell securities from within the State of Texas or to a Texas resident unless such person or entity is properly registered with the Securities Commissioner."
6. On or about April 19, 2000, the National Association of Securities Dealers Regulation, Inc. ("NASDR") conducted an examination of Respondent Premier.
7. On or about November 11, 2001, Respondents entered into a Letter of Acceptance Waiver and Consent ("AWC") NO. C06010043 with the NASDR.
8. The AWC included the following findings:
 - 1.) From December 1999 to about May 2000, Premier Group, Inc. acting through Hugh J. Graham, approved a telephone sales script relating to oil and gas investments that was used by the firm's sales staff. However, the script omitted material information, contained exaggerated and misleading information and did not provide a sound basis for certain information.
 - 2.) From about December 1999 to about May 2000, Premier Group, Inc., acting through Hugh J. Graham ..., allowed four representatives of the firm to engage in the investment banking and securities business because they directed that these representatives contact prospective customers of the firm, using the scripts mentioned in the first cause, in order to ascertain the customer's interest in oil and gas investments and whether such customer might qualify of such investment; however, the four representatives were not registered with the Association."
9. At all times relevant to this Order, the four representatives referred to in the AWC were not registered with the Securities Commissioner as a dealer or an agent of a dealer. Respondent has discontinued the use of the unregistered agents.

10. The AWC included admissions by Respondents that Respondent Premier's unregistered agents had engaged in: (i) the ascertainment of whether a potential customer had an interest in oil and gas investments by discussing a particular program, and (ii) obtained information to determine whether such potential customer qualifies for the investment.
11. Respondents, by and through Respondent Premier's unregistered agents, utilized a sales script which omitted material information, contained exaggerated and misleading information, and failed to provide a sound basis for certain information.
12. No interests in the oil and gas programs, offered through Respondent Premier's unregistered agents, were actually purchased.

CONCLUSIONS OF LAW

1. Respondents' conduct, described in the Findings of Fact, constitutes the offer for sale and sale of securities as defined in Section 4.E of the Texas Securities Act.
2. The conduct of Respondent's unregistered agents, described in the Findings of Fact, constitutes an agent as defined in Section 4.D of the Texas Securities Act.
3. Respondents offered for sale securities in Texas through agents at a time when the agents were not registered with the Securities Commissioner in violation of Section 12 of the Texas Securities Act.
4. Respondent Premier's use of unregistered agents violated the undertaking included within the Consent Order filed with the Securities Commissioner.
5. Respondents' use of a sales script which omitted material information, contained exaggerated and misleading information, and failed to provide a sound basis for certain information constitutes an inequitable practice in the sale of securities and a fraudulent business practice.
6. Pursuant to Sections 14.A(3), 14.A(6), and 14.A(11) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding a dealer and an agent.
7. Pursuant to Sections 23-1 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against a dealer.

ORDER

1. It is therefore ORDERED that Premier Group, Inc. and Hugh John Graham are hereby REPRIMANDED.

2. It is further ORDERED that the registration of Premier Group, Inc. is hereby SUSPENDED from soliciting any new client accounts or meeting with prospective clients for three (3) business days on May 24, 27, and 28, 2003.
3. It is further ORDERED that Premier Group, Inc. is ASSESSED AN ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$5,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five Thousand Dollars (\$5,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 19th day of May, 2003.



DENISE VOIGT CRAWFORD
Securities Commissioner

Respondents:

Premier Group, Inc.



Hugh John Graham, President



Hugh John Graham, Individually

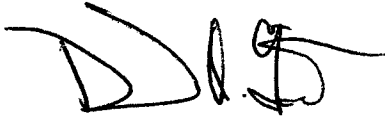
Approved as to Form:



Michael S. Gunst, Director
Inspections and Compliance Division



Richard M. Hewitt
Attorney for Respondents

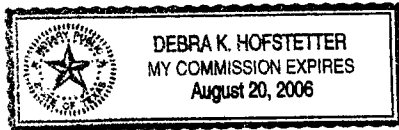


David A. Grauer, Director
Enforcement Division

ACKNOWLEDGMENT

On the 1ST day of May, 2003, Premier Group, Inc. ("Respondent Premier"), by and through Hugh John Graham, its President, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Hugh John Graham is duly authorized to enter into the foregoing Order on behalf of Respondent Premier;
2. Hugh John Graham has read the foregoing Order;
3. Respondent Premier has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Premier knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent Premier, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



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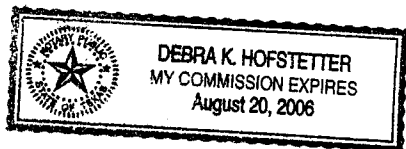
Debra K Hofstetter
Notary Public in and for
the State of Texas

My commission expires on: 8/20/06

ACKNOWLEDGMENT

On the 1st day of May, 2003, Hugh John Graham ("Respondent Graham") personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent Graham has read the foregoing Order;
2. Respondent Graham has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Graham knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Graham, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

Debra K. Hofstetter
Notary Public in and for
the State of Texas

My commission expires on: 8/20/06