

JOHN MORGAN  
SECURITIES COMMISSIONER

RONAK V. PATEL  
DEPUTY SECURITIES COMMISSIONER

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## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
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IN THE MATTER OF THE  
INVESTMENT ADVISER REGISTRATION  
OF FULLER CAPITAL MANAGEMENT

§  
§  
§

**Order No. IC16-CAF-08**

TO: John William Fuller, President  
Fuller Capital Management (CRD No. 115265)  
6901 River Park Circle  
Fort Worth, Texas 76116

### **DISCIPLINARY ORDER**

Be it remembered that Fuller Capital Management ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Facts and the Conclusions of Law contained herein.

### **FINDINGS OF FACT**

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-44 (West 2010 & Supp. 2015)("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2015)("Administrative Procedure Act").
2. On February 24, 2000, Respondent registered as an investment adviser with the Securities Commissioner. This registration is currently effective.

### **Use of Unregistered Solicitors**

3. From May 2010 to the present, Respondent has compensated two (2) individuals (the "Solicitors") based on the Solicitors referral of clients to Respondent.

4. Respondent signed solicitor agreements with the two Solicitors in May 2010.
5. Furthermore, Respondent began paying the two Solicitors on an annual basis in 2010. Annual payments to the Solicitors have continued through the present.
6. Respondent provided "Solicitor Disclosure Statement" documents for all solicited clients. The statements disclosed that the Solicitors would be compensated by Respondent for client referrals on the basis of thirty five percent (35%) of the annual fee charged to that client by Respondent. The disclosure statements were signed by the solicited clients and Respondent.
7. The Solicitors have never been registered investment advisers nor have they ever been registered as investment adviser representatives of Respondent.
8. Respondent's written supervisory procedures state that the firm "shall be responsible for handling the registration and supervising the training of all Investment Adviser Representatives of the firm."
9. During the course of an inspection of Respondent in 2016, the Staff first learned of Respondent's use of solicitors after the Staff identified discrepant information on filings made by Respondent.
10. In connection with the 2016 Inspection, Respondent fully disclosed the use of solicitors in connection with the Staff's inquiries.

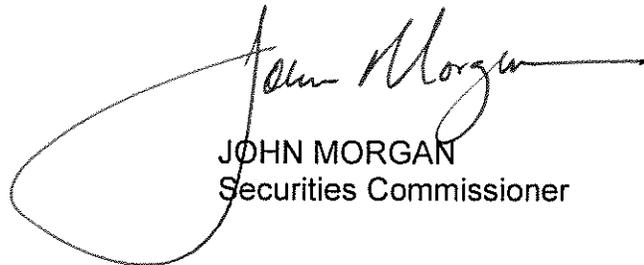
#### CONCLUSIONS OF LAW

1. The Solicitors are "investment adviser representatives" of Respondent as the term "investment adviser representative" is defined by Section 4.P of the Texas Securities Act.
2. Pursuant to Section 14.A.(5)(b) of the Texas Securities Act, Respondent's use of unregistered investment advisers constitutes a basis to reprimand Respondent.
3. Respondent's failures to ensure that the Solicitors were appropriately registered as investment adviser representatives of the Respondent constitute failures to enforce Respondent's written supervisory procedures, and are violations of §116.10 of the Rules and Regulations of the Texas State Securities Board (the "Board Rules").
4. Pursuant to Section 23-1 of the Texas Securities Act, the aforementioned violations of a Board Rule constitute bases for the assessment of an administrative fine against Respondent.

ORDER

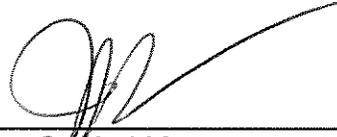
1. It is therefore ORDERED that the Fuller Capital Management is hereby REPRIMANDED.
2. It is further ORDERED that Fuller Capital Management is hereby ASSESSED AN ADMNISITRATIVE FINE in the amount of Five-Thousand Dollars (\$5,000). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five-Thousand Dollars (\$5,000), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 11<sup>th</sup>  
day of May, 2016.



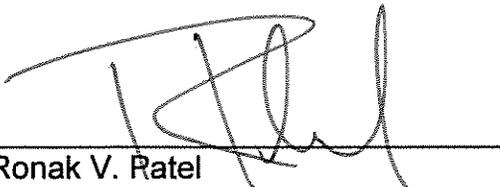
JOHN MORGAN  
Securities Commissioner

Respondent:



Fuller Capital Management  
By: John William Fuller, President

Approved as to Form:



Ronak V. Ratel  
Deputy Securities Commissioner

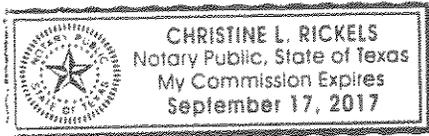


Callie A. Baker  
Attorney  
Inspections and Compliance Division

**ACKNOWLEDGMENT**

On the 4th day of MAY, 2016, Fuller Capital Management. ("Respondent"), by and through John William Fuller, its President appeared before me, executed the foregoing Order, and acknowledged that:

1. John William Fuller is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. John William Fuller has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent 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, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Notary Public in and for  
the State of TEXAS

My commission expires on: 9/17/17