

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



NICHOLAS C. TAYLOR  
CHAIRMAN

JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

## State Securities Board

JOSE ADAN TREVINO  
MEMBER

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KENNETH W. ANDERSON, JR.  
MEMBER

SSB Docket No. 99-051

IN THE MATTER OF THE  
AGENT REGISTRATION OF  
WILLIAM NEIL GALLAGHER

§  
§  
§

Order No. CAF-1380

TO: William Neil Gallagher (CRD # 1412273)  
3508 Brentwood Drive  
Colleyville, Texas 76034

### DISCIPLINARY ORDER REPRIMANDING AN AGENT

Be it remembered that William Neil Gallagher ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and, without admitting or denying them, the Findings of Fact and the Conclusions of Law contained herein, except the first Finding of Fact which is admitted.

#### FINDINGS OF FACT

- 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 Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2000) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2000) ("Administrative Procedure Act").
- Respondent has applied for registration with the Securities Commissioner as an agent of The Williams Financial Group, Inc. Respondent has previously been registered with the Securities Commissioner as an agent of other securities dealers, including National Securities Corporation from on or about June 5, 1995 until on or about October 13, 1999.
- During the course of an inspection of Respondent's offices by the State Securities Board, the Staff requested that Respondent produce receipt books for all checks received from investors for a defined period.

4. Respondent produced check receipt books to the Staff. Respondent did not disclose to the Staff that certain receipt books produced were, in fact, created at Respondent's direction after the Staff's request was received, and were not copies of receipts given to investors at the time of the receipt of their checks.
5. While registered as an agent of National Securities Corporation, Respondent represented to the public via advertising that he was a registered investment adviser, though he was not registered as an investment adviser.
6. Respondent has represented to the public via advertising that he did not work for a brokerage firm at times when he was a registered agent of National Securities Corporation, a registered securities dealer.
7. The Form U-4 application for registration requires applicants to disclose their employment history and outside business, and registrants to timely amend the form to disclose changes to information previously reported.
8. Respondent is currently and has been President and Secretary of Gallagher Financial Group, Inc., and of William Neil Gallagher, PH.D., Agency, Inc. since before his registration as an agent of National Securities Corporation. Respondent did not disclose his relationships with these corporations on his National Securities Corporation Form U-4 application or his currently pending application, nor did not amend his Form U-4 to disclose his relationships with the corporations while registered as an agent of National Securities Corporation.
9. Section 115.1(g) of the Rules and Regulations of the State Securities Board of Texas ("Board Rules") requires registrants to amend the Form U-4 application to report, within 30 days, any change to information previously disclosed to the Securities Commissioner on an application.
10. Pursuant to § 101.2(c) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including Form U-4, have been adopted as Board Rules.

#### CONCLUSIONS OF LAW

1. The conduct described in Findings of Fact Nos. 4, 5, and 6 constitute fraudulent business practices in violation of § 14.A(3) of the Texas Securities Act, which are bases for the issuance of an order reprimanding an agent.
2. The conduct described in Findings of Fact Nos. 4 and 8 constitute material misrepresentations to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine a dealer's financial responsibility and a dealer's or salesman's business repute and qualifications, in violation of § 14.A(7) of the Texas Securities Act, which are bases for the issuance of an order reprimanding an agent.

3. A failure to disclose and update information required by Form U-4 constitutes a violation of a Form U-4 and Board Rule 115.1(g).
4. The foregoing Board Rule violations constitute violations of Section 14.A(6) of the Texas Securities Act, which are bases for the issuance of an order reprimanding an agent.
5. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations of the Texas Securities Act and Board Rules constitute bases for the issuance of an order assessing an administrative fine against an agent.

ORDER

1. It is therefore ORDERED that registration of Respondent William Neil Gallagher as an agent of The Williams Financial Group, Inc. is hereby GRANTED;
2. It is further ORDERED that Respondent is hereby REPRIMANDED;
3. It is further ORDERED that Respondent is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Twenty-five Thousand Dollars (\$25,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Twenty-five Thousand Dollars (\$25,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

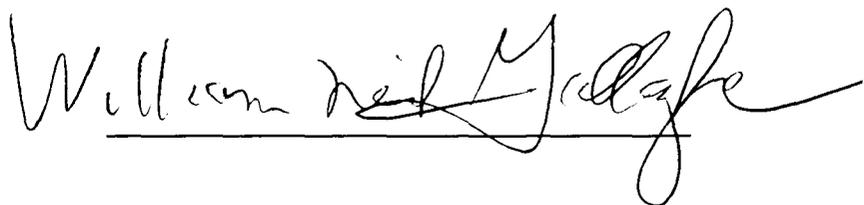
SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 23<sup>rd</sup> day of December, 1999.



DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:

William Neil Gallagher



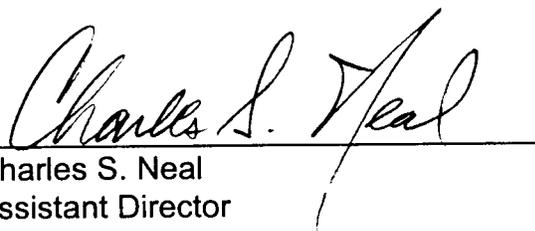
Approved as to Form:



Michael S. Gunst  
Director  
Dealer Registration Division



David A. Grauer  
Director  
Enforcement Division

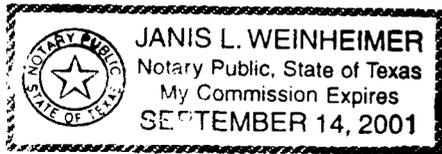


Charles S. Neal  
Assistant Director  
Enforcement Division

**ACKNOWLEDGMENT**

On the 2nd day of December, 1999, William Neil Gallagher, Respondent, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent has read the foregoing Order;
2. Respondent has been fully advised of Respondent's rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and without admitting or denying them, the Findings of Fact and Conclusions of Law contained therein, except the first Finding of Fact which is admitted; and,
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived Respondent's rights as set forth therein.



[affix notary seal here]

*Janis L. Weinheimer*  
Notary Public in and for  
the State of \_\_\_\_\_

My commission expires on: \_\_\_\_\_