



State Securities Board

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KENNETH W. ANDERSON, JR.
MEMBER

SSB Docket No. 00-031

IN THE MATTER OF THE DEALER
REGISTRATION OF THE WILLIAMS
FINANCIAL GROUP, INC.

§
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Order No. CAF-1412

TO: Mr. Wilson Henry Williams
The Williams Financial Group, Inc. (BD# 22704)
12221 Merit Drive, Suite 200
Dallas, TX 75251

DISCIPLINARY ORDER REPRIMANDING A DEALER AND SUSPENDING THE REGISTRATION OF A BRANCH OFFICE

Be it remembered that The Williams Financial Group, Inc. ("Respondent Williams Financial"), by and through its president, Wilson Henry Williams, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and Undertaking and, without admitting or denying the Findings of Fact and Conclusions of Law contained herein, except Findings of Fact one through four which are admitted.

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 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").
2. Respondent Williams Financial is currently registered with the Securities Commissioner as a general dealer and investment adviser.
3. Respondent Williams Financial has a branch office located at 1845 Precinct Line Road, Suite 106, Hurst, Texas. This location had previously been the subject of an Enforcement Action by the Securities Commissioner while registered as a branch office of another securities dealer.

4. Respondent Williams Financial entered into an Undertaking with the Securities Commissioner as a condition of registration of the branch office.
5. During the week of July 17,2000, the Staff of the State Securities Board conducted an inspection of this branch office location. As a result of this inspection, the Staff discovered that this branch office violated the firm's internal compliance procedure, violated provisions of the Texas Securities Act, the Rules and Regulations of the State Securities Board, NASD Code Conduct Rules and the Undertaking entered into as a condition of registration of this branch.
6. Respondent Williams Financial permitted agents in this branch office to send out correspondence that contained projections on the returns of certain types of mutual funds which were misleading in that they failed to contain the basis for the projections. Such projections also violated the requirement under the federal securities laws, NASD Code Conduct Rules and the anti-fraud provisions of the Texas Securities Act. This misleading correspondence constitutes a violation of Section 14(A)(3) of the Texas Securities Act.
7. Respondent Williams Financial failed to maintain accurate records as required by Rule 115.5(a)(l)(A) of the Rules and Regulations of the State Securities Board. The failure to comply with this rule by the branch office caused the Respondent Williams Financial to violate Section 14.A(6) of the Texas Securities Act.
8. Respondent Williams Financial allowed the branch office to operate under an assumed name and failed through its agents to clearly disclose and/or communicate to potential clients that all securities transactions were executed as agent of Respondent Williams Financial The foregoing constituted an inequitable practice in the sale of securities in violation of Section 14.A(3) of the Texas Securities Act.
9. Respondent Williams Financial failed to properly disclose agents' outside business activity and employment on Form U-4 filed with the Securities Commissioner. The failure to properly disclose this information violated of Section 14.A(6) of the Texas Securities Act.
10. Respondent failed to establish adequate supervisory structure designed to reasonably enforce its own internal compliance rules, The Securities Act and the Rules and Regulations of the State Securities Board. The failure to enforce its internal compliance procedures is a violation of Section 14(A)(3) of the Texas Securities Act.
11. Respondent has cooperated with the investigation of the Staff and has voluntarily implemented corrective actions in several areas noted by the Staff throughout the investigation.

CONCLUSIONS OF LAW

1. A failure to disclose or update information required by Form U-4 constitutes a violation of a Board Rule.
2. Pursuant to Section 14A(3), (6) and (11) of the Texas Securities Act, the foregoing violations constitute a basis for the issuance of an order reprimanding a dealer.
3. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute a basis for the issuance of an order assessing an administrative fine against a dealer.
4. Pursuant to Section 14A(3), (6) and (11) of the Texas Securities Act, the foregoing violations constitute a basis for the issuance of an Order suspending a dealer.

ORDER

1. It is therefore ORDERED that The Williams Financial Group, Inc. shall pay AN ADMINISTRATIVE FINE in the amount of Ten Thousand dollars (\$ 10,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Ten Thousand dollars (\$10,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
2. It is further ORDERED that The Williams Financial Group, Inc., is hereby REPRIMANDED and required to comply with the terms of an UNDERTAKING which is incorporated by reference herein.
3. It is further ORDERED that the branch office registration of the branch office located at 1845 Precinct Line Road, Suite 106, Hurst, Texas is hereby suspended from soliciting any new client accounts or meeting with prospective clients for seven calendar days. Such suspension shall commence on a date which will be mutual agreed to by The Williams Financial Group, Inc. and the Director of Enforcement.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 27th day of December, 2000.

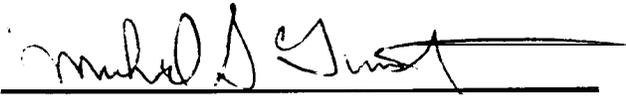

DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:



The Williams Financial Group, Inc.
Wilson Henry Williams, President

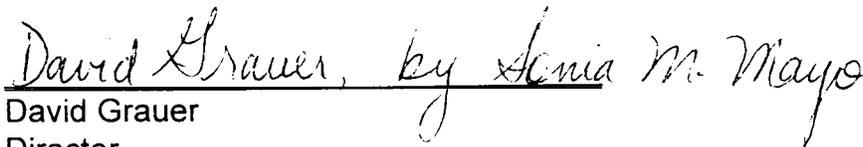
Approved as to Form:



Michael S. Gunst
Director
Dealer Registration Division



Wayne Secore
Secore & Waller, PC
Attorney for Respondent



David Grauer
Director
Enforcement Division

ACKNOWLEDGMENT

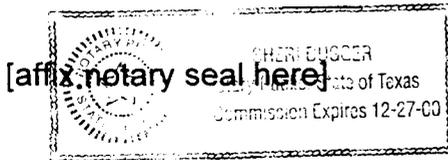
On the 26 day of December, 2000, The Williams Financial Group, Inc., (Respondent Williams Financial) by and through, its president, Wilson Henry Williams, personally appeared before me, executed the foregoing Order, and acknowledged that:

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

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Notary Public in and for
the State of Texas

My commission expires on: 12-27-00



DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



NICHOLAS C. TAYLOR
CHAIRMAN

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

JOSE ADAN TREVINO
MEMBER

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KENNETH W. ANDERSON, JR.
MEMBER

IN THE MATTER OF DEALER
REGISTRATION OF
THE WILLIAMS FINANCIAL
GROUP, INC.

UNDERTAKING FILED WITH THE SECURITIES COMMISSIONER OF TEXAS

Comes Now, The Williams Financial Group, Inc. ("Williams Financial"), who, enters into the following Undertaking with the Securities Commissioner of Texas in connection with a pending Enforcement matter and hereby agrees without admitting any prior violations to comply with the following as it relates to its branch office located at 1845 Precinct Line Road, Suite 106, Hurst, Texas (branch office) in addition to the prior Undertaking entered into with the Securities Commissioner relating to this same branch office which is incorporated by reference to this Undertaking:

1. Williams Financial hereby agrees to continue to conduct annual inspections of the branch office for three years from the date of this undertaking regardless of whether it continues registration as an Office of Supervisory Jurisdiction (OSJ) with the National Association of Securities Dealers Regulatory, Inc.
2. Williams Financial hereby agrees that all signage branch office will be changed to prominently display the name of the dealer.
3. Williams Financial hereby agrees that each mutual fund purchase in the branch office over \$1,000 for all new accounts opened after the date of this undertaking will be executed through the firm's clearing dealer.
4. Williams Financial hereby agrees that it will establish a formal written procedure for the review of all mutual fund sales under \$1,000 by a registered principal.
5. Williams Financial hereby agrees that all communication with clients relating to securities transactions will clearly identify the dealer.
6. Williams Financial hereby agrees that it will maintain all communication with clients of the branch office in a central correspondence file.
7. Williams Financial hereby agrees any outgoing faxed communication messages relating to securities transactions will prominently display the name of the dealer

and that all incoming and outgoing fax communications will be reviewed by an NASD registered principal.

8. Williams Financial hereby agrees that all registered securities agents will be compensated directly by the dealer for all securities related activities.
9. Williams Financial hereby agrees that the branch office will maintain a checks received blotter which will include at least the date the check was received, the name of the person who it was received for, the date forwarded and the amount of the check.
10. Williams Financial hereby agrees to review all mutual fund transactions executed since May 1, 2000 wherein any single transaction exceeds one hundred thousand dollars (\$1 00,000) to determine if such transactions was suitable and whether the client was eligible for breakpoints on the purchase of "A" shares of mutual funds. In the event the client was eligible for breakpoints on the purchase of "A shares, Williams Financial hereby agrees to contact such clients to determine if the availability of breakpoints was disclosed to such clients and if not, allow such clients to move into "A" shares at no cost to the client.
11. Williams Financial hereby agrees to establish a procedure reasonably designed to enforce its written supervisory procedures including but not limited to review of all new client accounts, review of existing clients accounts, review of the checks received blotter, review of the trade blotter and review and approval of all incoming and outgoing correspondence.
12. Williams Financial hereby agrees to enforce the firm's prohibition on using the firm's signature guarantee without the person whose signature is being guaranteed being physically present when such signature guarantee is utilized.
13. Williams Financial hereby agrees to require the branch office to maintain all client files in a central file location.
14. Williams Financial hereby agrees to implement and enforce a check handling procedures reasonable designed to ensure that:
 - a) no person who is not properly fingerprinted with the NASDR handle's client's checks;
 - b) that all checks are maintained in a secure location;
 - c) that all checks are promptly transmitted to the firm or the firm's clearing dealer.

15. Williams Financial hereby agrees that it will adopt procedures reasonable designed to prohibit William Neal Gallagher)CRD # 1412273 from directly dealing with a person who does not have an existing business relationship with Mr. Gallagher in face-to-face meeting(s) wherein at such meeting(s):(1) an initial recommendation to purchase specific securities is made by Mr. Gallagher to such person; and/or (2) such person authorizes an initial purchase of securities; and/or (3) new account documents are signed by such person, unless a registered person from the firm is physically present at such meeting(s).

16. During the suspension of the branch office, Williams Financial hereby agrees to conduct compliance meetings in the branch office which will review generally the compliance procedures of the dealer and will specifically address the following topics:
 - a) check handling procedures;
 - b) the difference and suitability of mutual fund "A share and mutual fund "B" shares;
 - c) the firm's policy and procedures relating to the sale of mutual fund "A share and mutual fund "B" shares; and
 - d) the firm's record keeping and retention policies.

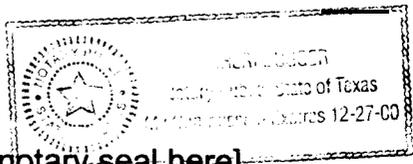
17. Williams Financial hereby agrees that the Independent Compliance Monitor (ICM) appointed under the original Undertaking, will in addition to the requirements of the original Undertaking review the firm's compliance with the additional terms of this Undertaking.

The Williams Financial Group, Inc.

By: *Wilson Williams* *president*
 Name Title

Wilson Williams
 PRINTED NAME

On the *21st* day of *Dec*, 2000, _____ personally appeared and voluntarily executed the foregoing undertaking before me for the purposes stated therein and did duly acknowledge to me that he/she was authorized to execute the same on behalf of The Williams Financial Group, Inc.



[affix notary seal here]

Sherril Duggan

Notary Public in and for
 the State of

Texas
 My commission expires on: *12-27-00*