

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



JOSE ADAN TREVINO
CHAIRMAN

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

NICHOLAS C. TAYLOR
MEMBER

State Securities Board

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KENNETH W. ANDERSON, JR.
MEMBER

SSB Docket No. 01-19

IN THE MATTER OF THE
DEALER REGISTRATION OF
PROTRADER SECURITIES CORPORATION
FILE #26222

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§
§
§

Order No. CAF-1432

To: Mr. John A. McEntire IV
Protrader Securities Corporation (File #26222)
504 Lavaca, Suite 1000
Austin, TX 78701

DISCIPLINARY ORDER REPRIMANDING A DEALER

Be it remembered that Protrader Securities Corporation ("Respondent Protrader"), by and through John A. McEntire IV, its President, appeared before the Securities Commissioner of the State of Texas ("the Securities Commissioner") and consented to the Entry of this Order and, without admitting or denying them, the Findings of Fact and 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 Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2001)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §2001.001 et seq. (Vernon Supp. 2001)("Administrative Procedure Act").
2. Respondent Protrader has been registered with the Securities Commissioner as a general securities dealer since November 2, 1993.
3. Respondent Protrader has developed and implemented a program to provide training in securities trading to its customers.

4. In pursuing its training program, Respondent Protrader acted as investment adviser without being properly registered with the Securities Commission as an investment adviser as required by Section 12 of the Texas Securities Act.
5. Respondent Protrader used agents as part of its training program that were not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act.

UNDERTAKING

Protrader agrees to comply with the terms of the undertaking entered into with the Securities Commissioner in connection with this order.

CONCLUSIONS OF LAW

1. Pursuant to Sections 14.A(5) and (6) of the Texas Securities Act, the foregoing violations constitute a basis for the issuance of an order reprimanding a dealer.
2. 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 and an agent of a dealer.

ORDER

1. It is therefore ORDERED that Respondent Protrader is hereby REPRIMANDED;
2. It is further ORDERED that Respondent Protrader is ASSESSED AN ADMINISTRATIVE FINE in the amount of Twenty Thousand Dollars (\$20,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Twenty Thousand Dollars (\$20,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 5th
day of June, 2001.

Denise Voigt Crawford
DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:
Protrader Securities Corporation

By:

John A. McEntire IV
President

Approved as to Form:

Michael S. Gunst
Michael S. Gunst, Director
Dealer Registration Division

David A. Grauer

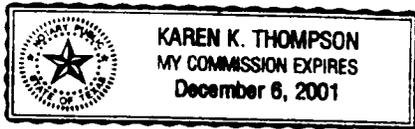
David A. Grauer, Director
Enforcement Division

Joel H. Sauer
Joel H. Sauer, Assistant Director
Dealer Registration Division

ACKNOWLEDGMENT

On the 29th day of May, 2001, Protrader Securities Corporation, by and through John A. McEntire IV, its President, personally appeared before me, executed the foregoing Order and acknowledged that:

1. John A. McEntire IV has read the foregoing Order;
2. John A. McEntire IV has been fully advised of Respondent's rights under The Securities Act and the Administrative Procedure Act;
3. Respondent Protrader knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusion of Law contained therein; and,
4. Respondent Protrader, 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]

Karen K. Thompson
Notary Public in and for
the State of TEXAS

My commission expires on:

12/06/01

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MEMBER

IN THE MATTER OF THE DEALER
REGISTRATION OF
PROTRADER SECURITIES CORPORATION
FILE #26222

UNDERTAKING FILED WITH THE SECURITIES COMMISSIONER OF TEXAS

Comes Now, Protrader Securities Corporation (hereinafter "Protrader"), duly licensed with the State Securities Board as a dealer in securities, who, in connection with the settlement of a current enforcement matter, make the following representations to the Securities Commissioner:

1. Protrader agrees to establish and maintain specific written guidelines for determining whether a potential customer is appropriate for a day trading strategy. The reasons for any decision to deviate from these guidelines for a specific client will be maintained in writing as part of the customer file.
2. Protrader agrees not to use any advertising, sales literature, or sales scripts that indicates or implies a probability of success in day trading without maintaining a specific performance analysis that supports the claim. Under no circumstances will Protrader use the results of a specific successful trader or trading day in its advertising, sales literature, or sales scripts.

3. Protrader agrees to utilize written scripts for all "open houses" or other events attended by potential customers. Protrader agrees to utilize at least a written outline for all presentations to customers participating in training offered by Protrader or its affiliates. This requirement shall not apply to any question-and-answer sessions included with these events.
4. Protrader agrees not to permit its agents to provide training or advice to its customers or potential customers, including techniques or strategies for buying and selling securities, without proper registration with the Securities Commissioner. Protrader agrees to make a reasonable effort to determine whether any other persons or entities that provide training or advice to its customers or potential customers are properly registered or exempted from registration with the Securities Commissioner.
5. Protrader agrees not to permit any person or entity to solicit customers on its behalf, including owners and affiliates of Protrader, without proper registration with the Securities Commissioner as an agent of Protrader or another securities dealer.
6. Protrader agrees not to permit its agents to exercise discretion in customer accounts without first obtaining a written trading authorization from the customer. Protrader will mark all orders entered pursuant to discretionary authority as such.
7. Protrader agrees to create and maintain written order memoranda for every order placed by its customers, including oral limit or stop-loss orders.
8. Protrader agrees not to request or permit its customers to sign statements or agreements representing that they are "expert," "sophisticated," or "experienced" at aggressive securities trading/day trading without a reasonable basis for believing that the customer is an "expert," "sophisticated," or "experienced" trader. Protrader will maintain written evidence supporting this determination. This undertaking includes, but is not limited to, statements and agreements promulgated by Protrader, its affiliates, and its clearing firm.
9. Protrader agrees that it will make all reasonable efforts to ensure that its agents provide complete and accurate responses to requests for information from all regulators.

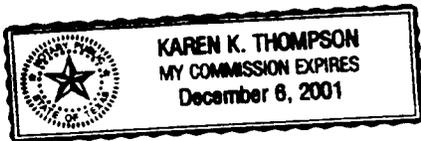
10. Protrader files this Undertaking with the Securities Commissioner with the understanding that a violation of any provision imposing an affirmative duty upon Protrader pursuant to the terms of this Undertaking herein constitutes a basis for disciplinary proceedings against Protrader pursuant to Section 14 of the Texas Securities Act.
11. This undertaking will continue in effect until two years from the date of its execution by Protrader.

Protrader Securities Corporation

By: J. Gay

Title: CEO

On the 29th day of May, 2001, J.A. McEntire, IV personally appeared before me and voluntarily executed the foregoing Undertaking for the purposes stated therein and did duly acknowledge to me that he was authorized to execute the same on behalf of Protrader Securities Corporation.



Karen K. Thompson
Notary Public