

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

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MEMBER

### SSB Docket No. 03-016

IN THE MATTER OF THE  
AGENT REGISTRATION OF  
ROBERT MICHAEL GRAVES, JR.

§  
§  
§

ORDER NO. CEN/SUS-1507

TO: Robert Michael Graves, Jr. (CRD # 2093814)  
GunnAllen Financial, Inc.  
1715 North Westshore Boulevard, Suite 775  
Tampa, Florida 33607-3926

### DISCIPLINARY ORDER REPRIMANDING AND SUSPENDING AN AGENT

Be it remembered that Robert Michael Graves, Jr. ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and Undertaking, and 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. 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. On or about November 8, 2002, Respondent filed an application for registration with the Securities Commissioner as an agent of GunnAllen Financial, Inc. ("GunnAllen"), which is currently pending.
3. Respondent was previously registered with the Securities Commissioner as an agent of Wells Fargo Investments, LLC ("Wells Fargo"), from on or about January 13, 2001, to on or about October 25, 2002.

4. Respondent, while employed with Wells Fargo, offered for sale and sold a promissory note to a Wells Fargo client that was unsuitable and without the consent or approval of Wells Fargo.
5. Respondent did not amend his Form U-4, filed with the Securities Commissioner as an agent of Wells Fargo, to disclose the sale of the promissory note as outside business activity and/or employment within 30 days of the occurrence, as required by Section 115.9(a)(6) of the Rules and Regulations of the Texas State Securities Board ("Board Rules") and the Form U-4.
6. Pursuant to Section 101.2(c) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including the Form U-4, have been adopted as Board Rules.
7. The promissory note offered and sold by Respondent has not been registered with the Securities Commissioner by qualification, notification or coordination and no permit has been granted for its sale within Texas.
8. Respondent, at all times relevant to this Order, was not registered with the Securities Commissioner as a securities dealer.
9. Respondent fully reimbursed, including accumulated interest, the Wells Fargo client who purchased the promissory note from Respondent.
10. Respondent fully reimbursed the Wells Fargo client, all fees and commissions earned by Respondent on behalf of Wells Fargo.

#### CONCLUSIONS OF LAW

1. The promissory note offered and sold by the Respondent is a "security" as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondent has engaged in the "offer for sale" and "sale" of the above-described security as those terms are defined in Section 4.E of the Texas Securities Act.
3. Respondent violated the Texas Securities Act by offering for sale the above-described security, in and from Texas, at a time when the security was not registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
4. Respondent has acted as a "dealer" as that term is defined in Section 4.C of the Texas Securities Act.
5. Respondent violated the Texas Securities Act by offering for sale the above-described security, in and from Texas, at a time when the Respondent was not registered as a dealer with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.

6. Respondent's failure to amend his Form U-4, filed with the Securities Commissioner as an agent of Wells Fargo, to disclose the sale of the promissory note as outside business activity and/or employment within 30 days of the occurrence, constitutes a violation of the Board Rules.
7. Respondent's failure to amend and disclose required information on Respondent's Form U-4, filed with the Securities Commissioner, constitutes a material misrepresentation to the Securities Commissioner in connection with information deemed necessary to determine the Respondent's business repute or qualifications.
8. Respondent's failure to obtain consent or approval from Wells Fargo for the sale of the above-described security constitutes an inequitable practice in the sale of a security.
9. Respondent's sale of the above-described security that was unsuitable for the purchaser, constitutes an inequitable practice in the sale of a security.
10. Pursuant to Sections 14.A(3), 14.A(6), and 14.A(7) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding and suspending an agent.
11. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against an agent.

#### UNDERTAKING

1. Respondent represents that, as of the date of the execution of this Order and Undertaking, except for Respondent's temporary registration period of November 15, 2002, to December 19, 2002, Respondent has not offered for sale, sold or participated in the sale of any security as an employee, salesman, agent or representative of GunAllen within the State of Texas, nor will Respondent until Respondent's application is approved.
2. Respondent further represents that, as of the date of the execution of this Order and Undertaking, Respondent has not offered for sale, sold or participated in the sale of any promissory notes, except for the one (1) promissory note described in the Findings of Fact.
3. Respondent hereby undertakes and agrees to not engage in any securities activity without being properly registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act. In the event Respondent believes such activity is exempt from registration under Section 5 of the Texas Securities Act, Respondent will not engage in such activity without first obtaining written approval from his dealer.

4. Respondent further undertakes and agrees to not engage in any outside business activity without receiving written approval from his dealer prior to engaging in such activity.
5. Respondent further undertakes and agrees to immediately file an amended Form U-4 disclosing his past employment and/or outside business activity.
6. Respondent further undertakes and agrees that Respondent will not act in any supervisory capacity within the State of Texas and will be directly supervised by a principal of GunnAllen who is not subject to any statutory disqualification. If the Respondent receives no new customer complaints for one (1) year subsequent to the approval of his registration in Texas, this condition is automatically waived.
7. Respondent further undertakes and agrees that Respondent will not exercise discretionary authority over any Texas customer account(s).
8. Respondent further undertakes and agrees to take all reasonable steps to accurately and correctly complete all new account forms.
9. Respondent further undertakes and agrees to take all reasonable steps to insure the suitability of a security to a prospective purchaser, prior to a recommendation for the purchase of such security.
10. Respondent further undertakes and agrees that, for a period of two (2) years from the date Respondent's registration is granted, within five (5) business days of receipt by Respondent, Respondent will promptly deliver or cause to be delivered to the Director of Inspections and Compliance of the Texas State Securities Board, any written or oral complaints in which Respondent's name appears or in which Respondent is otherwise involved.
11. Respondent files this Undertaking with the Securities Commissioner with the understanding that a violation of any provision imposing an affirmative duty upon Respondent pursuant to the terms of this Undertaking herein, constitutes a basis for disciplinary proceedings pursuant to Section 14 of the Texas Securities Act and may subject Respondent to criminal penalties pursuant to Section 29.E of the Texas Securities Act.

#### ORDER

1. It is therefore ORDERED that the registration of Robert Michael Graves, Jr., as an agent of GunnAllen Financial, Inc., is hereby GRANTED.
2. It is further ORDERED that Robert Michael Graves, Jr. is hereby REPRIMANDED.
3. It is further ORDERED that the agent registration of Robert Michael Graves, Jr. is hereby SUSPENDED for one hundred fifty (150) days from the date of the filing of

his application for registration with the Securities Commissioner as an agent of GunnAllen Financial, Inc.

4. It is further ORDERED that Robert Michael Graves, Jr. COMPLY with the terms of the Undertaking contained herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 16<sup>th</sup> day  
of April, 2003.

*Denise Voigt Crawford*  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:

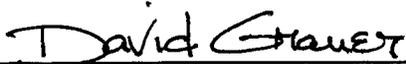


Robert Michael Graves, Jr.

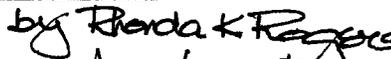
Approved as to Form:



Michael S. Gunst  
Director  
Inspections and Compliance Division



David Grauer  
Director  
Enforcement Division

by   
Assistant Director  
Enforcement Division

**ACKNOWLEDGMENT**

On the 14<sup>th</sup> day of April, 2003, Robert Michael Graves, Jr. ("Respondent") appeared before me and executed the foregoing Order and Undertaking and acknowledged that:

1. Respondent has read the foregoing Order and Undertaking;
2. Respondent has been fully advised of his 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 Undertaking, and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

Linda M. Chaney  
Notary Public in and for  
the State of Texas

My commission expires on: 3/20/04