

4. Pursuant to §116.2(f)(3) of the Rules and Regulations of the Texas State Securities Board effective March 6, 2002, all persons seeking registration with the Securities Commissioner as an investment adviser representative were required to file the Uniform Application for Securities Industry Registration or Transfer ("Form U-4") via the electronic filing system maintained by the National Association of Securities Dealers, Inc. ("NASD").
5. As of December 31, 2002, Respondent had not filed an electronic Form U-4 with the Securities Commissioner as an investment adviser representative of Stotts Group, and did not transition onto the electronic filing system maintained by the NASD.
6. From on or about January 1, 2003 to the present, Respondent has rendered investment advisory services to Stotts Group's clients in Texas on behalf of Stotts Group, for compensation, at a time when Respondent was not registered as an investment adviser representative of Stotts Group.
7. On or about July 11, 2006, Respondent applied for registration with the Securities Commissioner as an investment adviser representative of Stotts Group, which is currently pending.
8. Section 12.8 of the Texas Securities Act, prohibits a person from rendering services as an investment adviser representative in Texas unless the person is registered under the Texas Securities Act, submits a notice filing as provided by Section 12-1 of the Texas Securities Act, or is otherwise exempt.

CONCLUSIONS OF LAW

1. Respondent rendered services in Texas as an "investment adviser representative" as that term is defined by Section 4.P of the Texas Securities Act.
2. From on or about January 1, 2003 to the present, Respondent has violated Section 12.B of the Texas Securities Act by rendering services as an investment adviser representative in Texas for Stotts Group at a time when Respondent was not registered with the Securities Commissioner as an investment adviser representative of Stotts Group.
3. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violation constitutes a basis for the issuance of an order reprimanding a registered investment adviser representative.

ORDER

1. It is therefore ORDERED that the registration of Paul Alan Stotts as an investment adviser representative of Stotts Group, Inc. is hereby GRANTED.

2. It is further ORDERED that Paul Alan Stotts is hereby REPRIMANDED.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 4th
day of August, 2006.



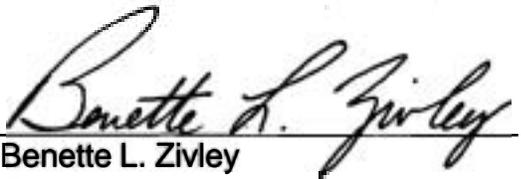
DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

A handwritten signature in black ink, appearing to read "Paul Alan Stotts", written over a horizontal line.

Paul Alan Stotts

Approved as to Form:

A handwritten signature in black ink, appearing to read "Benette L. Zivley", written over a horizontal line.

Benette L. Zivley

Director

Inspections and Compliance Division

ACKNOWLEDGMENT

On the 31st day of July, 2006, Paul Alan Stotts ("Respondent"), personally appeared before me, executed the foregoing Order, and acknowledged:

1. Respondent has read the foregoing Order;
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 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.

Mary A. Sterner
Notary Public in and for
the State of Texas

[affix notary seal here]

My commission expires on: 07-30-2009

