

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

DON A. RASCHKE  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

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

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IN THE MATTER OF THE  
INVESTMENT ADVISER REPRESENTATIVE  
REGISTRATION OF  
JOHN ALAN BRADEN

Order No. **IC06-CAF-48**

TO: John Alan Braden (CRD No. 2653363)  
SMH Capital Advisors, Inc.  
600 Travis Street, Suite 3100  
Houston, TX 77002

### DISCIPLINARY ORDER

Be it remembered that John Alan Braden ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the 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. 2006) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2006) ("Administrative Procedure Act").
2. From on or about June 6, 1997 to the present, SMH Capital Advisors, Inc. ("SMHCA") has been registered under the Investment Advisers Act of 1940 with the U. S. Securities and Exchange Commission as an investment adviser, and is a federal covered investment adviser that is notice-filed with the Securities Commissioner.
3. On or about June 7, 2006, Respondent applied for registration with the Securities Commissioner as an investment adviser representative for SMHCA, which is currently effective.
4. Pursuant to Section 12.8 of the Texas Securities Act and §116.1(b)(1)(A) of the Rules and Regulations of the Texas State Securities Board ("Board Rules"), any person employed, appointed or authorized by an investment adviser to act or render services for compensation as an investment adviser representative for

such investment adviser in this state must first be registered as an investment adviser representative for such investment adviser, notice-filed or otherwise exempt.

5. ~~On~~ or about May 15, 2006, the staff of the Texas State Securities Board ("Staff") performed an inspection of the activities of Sanders Morris Harris Inc. at its branch office ("Branch Office") located at 12941 North Freeway, Suite 422, Houston, Texas 77060. Respondent was the person in charge at the Branch Office.
6. Staff discovered from on or about March 18, 2005 to on or about June 6, 2006, Respondent provided investment advice to SMHCA clients in Texas, for compensation and at times when Respondent not registered or notice-filed with the Securities Commissioner as an investment adviser representative for SMHCA, or otherwise exempt.
7. Pursuant to Section 14.A(6) of the Texas Securities Act, the Securities Commissioner may reprimand a registered investment adviser representative, if the investment adviser representative has violated any provision of the Texas Securities Act or the Board Rules.
8. Pursuant to Section 23-1 of the Texas Securities Act, The Securities Commissioner may assess an administrative fine against any investment adviser representative found to have engaged in any act or practice that violates the Texas Securities Act or Board Rules.

#### 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 March 18, 2005 to on or about June 6, 2006, Respondent rendered services as an investment adviser representative for SMHCA at times when Respondent was not so registered with the Securities Commissioner, in violation of Section 12.B of the Texas Securities Act and §116.1(b)(1)(A) of the Board Rules.
3. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding a registered investment adviser representative.
4. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations constitute bases for assessing a fine against an investment adviser representative.


ORDER

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

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 11<sup>th</sup>  
day of October, 2006.

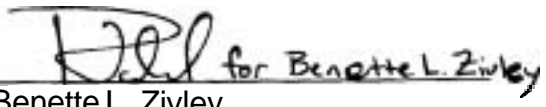
  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:



John Alan Braden

Approved as to Form:



Benette L. Zivley  
Director  
Inspections and Compliance Division

## ACKNOWLEDGMENT

On the 3rd day of October, 2006, John Alan Braden ("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 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.

Nancy J. Roberts  
Notary Public in and for  
The State of Texas

[affix notary seal here]

My commission expires on: November  
27, 2008

