

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER

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DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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IN THE MATTER OF THE
DEALER REGISTRATION OF
BUTLER FREEMAN TALLY
FINANCIAL GROUP, LLC

§
§
§
§

Order No. IC07-CAF-10

TO: Stephen Dallas Tally, CEO
Butler Freeman Tally Financial Group, LLC (CRD No. 109121)
2312 School Road
Bedford, TX 76021

DISCIPLINARY ORDER

Be it remembered that Butler Freeman Tally Financial Group, LLC ("Respondent"), by and through Stephen Dallas Tally, its CEO, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order 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 the 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. On or about December 6, 2001, Respondent registered with the Securities Commissioner as a securities dealer, which is currently effective.
3. In or about December 2005, an agent (the "Agent") of Respondent, located in Texas, notified Respondent that he was engaged in rendering investment advisory services on behalf of an independent investment adviser (the "Investment Adviser").

4. On or about January 12, 2006 and pursuant to § 115.2(a)(2) of the Rules and Regulations of the Texas State Securities Board ("Board Rules"), Respondent filed a Uniform Application for Securities Industry Registration and Transfer ("Form U-4") with the Securities Commissioner in connection with the Agent's application to become registered with the Securities Commissioner as an agent of Respondent.

Pursuant to §§ 101.2(c) and 133.33(a) 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.

5. The Agent's January 12, 2006 Form U-4 reflects the Agent's employment with the Investment Adviser in the "Employment History" section of the Form U-4.
6. On or about January 12, 2006, the Agent became registered as an agent of the Respondent, which is currently effective.
7. Pursuant to an addendum to Respondent's "Representative Agreement" with the Agent, the Agent was "required to pay a monthly compliance fee to [Respondent] in the amount of \$250.00 for any Registered Investment Advisory Services."
8. Throughout 2006, Respondent monitored the Agent's activity on behalf of the Investment Adviser in part by requesting, and receiving, account statements from third-party broker-dealers for client accounts that were related to the Agent's investment advisory activities.
9. Respondent's written supervisory procedures state that designated principals of Respondent will ensure that agents are "not acting as investment advisers without being properly registered".
10. However, the Agent was not registered with the Securities Commissioner as an investment adviser representative of the Investment Adviser until on or about January 16, 2007.
11. Based on Findings of Fact 3, 5, and 7-9, Respondent knew, or should have known, that the Agent was conducting investment advisory activities on behalf of the Investment Adviser and was not registered as an investment adviser representative of the Investment Adviser.
12. Pursuant to Section 12.B of the Texas Securities Act, a person is prohibited 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.
13. Pursuant to §115.10(b)(1) of the Board Rules, each dealer must establish, maintain, and enforce written procedures to supervise the activities of its agents that are reasonably designed to achieve compliance with the Texas Securities Act and Board Rules.

CONCLUSIONS OF LAW

1. Respondent's failures to enforce its written supervisory procedures by allowing the Agent to render investment advisory services in Texas on behalf of the Investment Adviser despite the fact that Respondent was not registered with the Securities Commissioner as an investment adviser representative of the Investment Adviser are violations of § 115.10(b)(1) of the Board Rules.
2. 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 dealer.
3. Pursuant to Section 23-1^o of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order assessing an administrative fine against a dealer.

ORDER

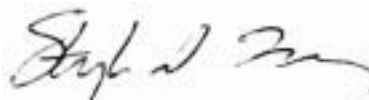
1. It is therefore ORDERED that Butler Freeman Tally Financial Group, LLC is hereby REPRIMANDED.
2. It is further ORDERED that Butler Freeman Tally Financial Group, LLC is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Twenty Thousand Dollars (\$20,000.00). Payment shall be made by delivery 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 11th
day of May 2007.


DENISE VOIGT CRAWFORD
Securities Commissioner

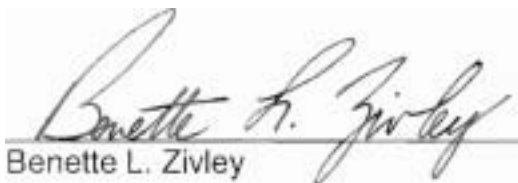
Respondent:

Butler Freeman Tally
Financial Group, LLC



By: Stephen Dallas Tally, CEO

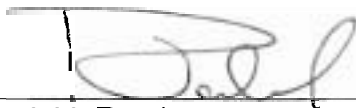
Approved as to Form:



Benette L. Zivley
Director
Inspections and Compliance Division



Alan Wolper
Attorney for Respondent

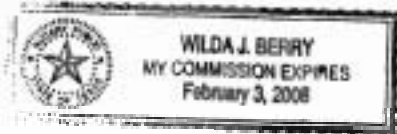


Ronak V. Patel
Attorney
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 1st day of May, 2007, Butler Freeman Tally Financial Group, LLC ("Respondent"), by and through Stephen Dallas Tally, its CEO, personally appeared before me, executed the foregoing Order, and acknowledges that:

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



[affix notary seal here]

Wilda J. Berry
Notary Public in and for
the State of Texas

My commission expires on: 2-3-08