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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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IN THE MATTER OF THE
AGENT REGISTRATION
OF LARRY GORDON GOLDSTON

§
§
§

Order No. IC09-SUS-07

TO: Larry Gordon Goldston (CRD No. 1869099)
Caprock Securities, Inc.
4601 50th Street, Suite 202
Lubbock, TX 79414

DISCIPLINARY ORDER

Be it remembered that Larry Gordon Goldston ("Respondent") 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. 2008) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §2001.001 et seq. (Vernon 2000 & Supp. 2008) ("Administrative Procedure Act").
2. On or about March 14, 2007, Respondent applied for registration with the Securities Commissioner as an agent of Caprock Securities, Inc. ("Caprock"), which is currently pending.
3. On or about July 30, 2002 Respondent filed for bankruptcy ("Bankruptcy"), but did not disclose the Bankruptcy on his Form U-4 until March 15, 2007.

4. During 2006, while Respondent was registered as an agent and investment adviser representative of Morgan Stanley DW Inc. ("Morgan Stanley"), Respondent engaged in outside business activity related to the United Business Alliance Estate Maximization Program ("Outside Business Activity") and failed to comply with written procedures of Morgan Stanley related to outside business activity as follows:
 - a. "2.2.2 You must avoid any investment, activity, interest or association outside the Firm that could interfere with (or appear to interfere with) your responsibilities on behalf of the Firm or its clients."
 - b. "2.3.1 You may not engage in certain activities outside the scope of your employment with the Firm...without prior written approval."

Respondent engaged in Outside Business Activity that could appear to interfere with his responsibilities on behalf of the Firm and its clients and failed to obtain prior written approval to engage in such activity.

5. Respondent did not disclose the Outside Business Activity on his Form U-4.
6. During the registration process, the Staff of the Texas State Securities Board, ("Staff"), discovered that from on or about July 12, 2007 to on or about October 15, 2008, without first being registered as agent, Respondent sold securities in Texas on behalf of Caprock.
7. During the registration process, Staff also discovered that from on or about July 12, 2007 to on or about October 15, 2008, Respondent failed to comply with written procedures of Caprock related to unregistered activity, as follows: "A candidate cannot engage in any solicitation activities until he (she) has been registered with the NASD, SEC and applicable state securities agency(ies)..."

Respondent engaged in solicitation activities without first being registered as an agent with the Securities Commissioner.

8. Pursuant to §101.2(c) and §133.33(a)(3) of the Rules and Regulations of the Texas State Securities Board ("Board Rules"), certain forms required to be filed with the Securities Commissioner, including the Form U-4, have been adopted as Board Rules.
9. Pursuant to §115.9(a)(6) and §116.9(a)(6) of the Board Rules, registered agents and investment adviser representatives are required to disclose to the Securities Commissioner, within thirty (30) days, any change in information previously disclosed to the Securities Commissioner on any application form or filing, which includes the Form U-4.
10. Pursuant to §115.9(a)(7) and §116.9(a)(7) of the Board Rules, registered agents and investment adviser representatives are required to disclose to the Securities Commissioner, within thirty (30) days, the filing of any voluntary or involuntary bankruptcy petition.

11. Pursuant to Section 12.A. of the Texas Securities Act and §115.1(b)(1)(A) of the Board Rules, no person shall sell or offer for sale any securities within this state without first being registered as required by the Texas Securities Act.
12. Pursuant to Section 14.A(3) of the Texas Securities Act, the Securities Commissioner may reprimand or suspend a person registered under the Texas Securities Act if the person has engaged in any inequitable practice in the sale of securities or in rendering services as an investment adviser.
13. Pursuant to Section 14.A(6) of the Texas Securities Act, the Securities Commissioner may reprimand or suspend a person registered under the Texas Securities Act if the person has violated any of the provisions of the Texas Securities Act or Board Rules.

CONCLUSIONS OF LAW

1. Respondent's failure to disclose required information on his Form U-4 constitutes a violation of §115.9(a)(6), §116.9(a)(6), §115.9(a)(7), and §116.9(a)(7) of the Board Rules.
2. Respondent's failure to comply with Morgan Stanley and Caprock's written procedures constitutes an inequitable practice in the sale of securities and is a basis for the issuance of an order reprimanding and suspending an agent pursuant to Section 14.A(3) of the Texas Securities Act.
3. Respondent's sale of securities in Texas without first being registered as required by the Texas Securities Act constitutes a violation of Section 12.A. of the Texas Securities Act and § 115.1(b)(1)(A) of the Board Rules.
4. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations constitute bases for the issuance of an order reprimanding and suspending an agent.

ORDER

1. It is therefore ORDERED that the registration of Larry Gordon Goldston as an agent of Caprock Securities, Inc. is hereby GRANTED.
2. It is further ORDERED that Larry Gordon Goldston is hereby REPRIMANDED.
3. It is further ORDERED that the registration of Larry Gordon Goldston is hereby SUSPENDED for a period of ninety (90) days from the date this Order is entered by the Securities Commissioner. In the event that the registration of Larry Gordon Goldston is terminated before the end of this period, the suspension will be tolled from the date that the registration of Larry Gordon Goldston is terminated to the date that the registration of Larry Gordon Goldston is effective again.
4. It is further ORDERED that Larry Gordon Goldston COMPLY with the terms of the Undertaking incorporated by reference herein.

March

ERED by the Securities Commissioner this 17th day of
009.

Denise Voigt Crawford
DENISE VOIGT CRAWFORD
Securities Commissioner

Approved as to Form

Benette L. Zivley

Benette L. Zivley
Director
Inspections and Compliance Division

Larry Gordon Goldston

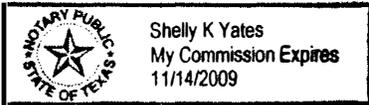
Larry Gordon Goldston

6 - March 09

Date

ACKNOWLEDGMENT

Before me, the undersigned authority, on this 6 da March, 2009, appeared Larry Gordon Goldston, who executed the foregoing Undertaking for the purposes described therein.



[affix notary seal here]

Shelly K Yates
Notary Public in and for
the State of TEXAS

My Commission Expires: 11/14/2009