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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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Phone: (512) 305-8300
Facsimile: (512) 305-8310

SOAH DOCKET NO. 312-13-0128
SSB DOCKET NO. IC12-18

IN THE MATTER OF THE
INVESTMENT ADVISER
REGISTRATION OF
DUNCAN PRIVATE WEALTH
MANAGEMENT, LLC AND THE
INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION
OF DONOVAN COLIN DUNCAN

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

NOTICE OF HEARING

This is your OFFICIAL NOTICE that a hearing will be held at the State Office of Administrative Hearings, in the William P. Clements Building, 300 W. 15th Street, 4th Floor, Austin, Texas 78701, before an Administrative Law Judge on **October 25, 2012 at 9:00 AM Central Time** for the purposes of determining whether the investment adviser registration of Duncan Private Wealth Management, LLC ("Respondent DPWM") and the investment adviser representative registration of Donovan Colin Duncan ("Respondent Duncan") (collectively "Respondents") with the Securities Commissioner of Texas ("Securities Commissioner") should be REVOKED.

This hearing will be held pursuant to The Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581-1 et seq. (West 2010 & Supp. 2011) ("Texas Securities Act"); the Rules and Regulations of the State Securities Board, 7 Tex. Admin. Code Chapter 101 et seq. (Supp. 2012) ("Board Rules"); the Administrative Procedure Act, Tex. Gov't Code Ann. § 2001.001 et seq. (West 2010 & Supp. 2011); and the Rules of Practice and Procedure of the State Office of Administrative Hearings, 1 Tex. Admin. Code Chapter 155 (Supp. 2011) ("SOAH Rules").

IF YOU DO NOT FILE A WRITTEN ANSWER OR OTHER WRITTEN RESPONSIVE PLEADING TO THIS NOTICE OF HEARING ON OR BEFORE THE 20TH DAY AFTER THE DATE ON WHICH THIS NOTICE WAS MAILED TO YOU OR PERSONALLY SERVED ON YOU, THE FACTUAL ALLEGATIONS IN THIS NOTICE WILL BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE

OF THIS CASE WITHOUT A HEARING AND GRANT THE RELIEF SOUGHT IN THIS NOTICE.

THE RESPONSE MUST BE FILED IN AUSTIN, TEXAS, WITH THE STAFF OF THE STATE SECURITIES BOARD AND THE STATE OFFICE OF ADMINISTRATIVE HEARINGS.

IF YOU FAIL TO ATTEND THE HEARING, EVEN IF A WRITTEN ANSWER OR OTHER RESPONSIVE PLEADING HAS BEEN FILED, THE FACTUAL ALLEGATIONS IN THIS NOTICE WILL BE DEEMED ADMITTED, AND THE SECURITIES COMMISSIONER MAY DISPOSE OF THIS CASE WITHOUT A HEARING AND GRANT THE RELIEF SOUGHT IN THIS NOTICE.

CONTACT INFORMATION

Courtney Bowling, Attorney
Inspections & Compliance Division
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8340

Docketing Office
State Office of Administrative Hearings
300 W. 15th Street, Suite 504
Austin, Texas 78701
Telephone: (512) 475-3445
Facsimile: (512) 475-4994

Pursuant to §105.8 of the Board Rules, all documents filed by any party, other than business records and transcripts, and all documents issued by the Administrative Law Judge must be contemporaneously served upon the Securities Commissioner's representative as identified below:

Marlene Sparkman
General Counsel
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, 5th Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

Legal authority and jurisdiction for this matter exists under Section 14 of the Texas Securities Act, Section 2003.021(b) of the Texas Government Code, and Section 155.51 of the SOAH Rules.

The staff of the Texas State Securities Board ("Staff") will present evidence in support of its request that Respondents' registrations with the Securities Commissioner be REVOKED. The evidence presented by the Staff will prove the following:

I. Parties

1. Respondent DPWM is a limited liability company whose last known business address as shown by the records of the Texas State Securities Board is 11200 Westheimer Rd., Suite 900, Houston, TX 77042. On or about March 6, 2007, Respondent DPWM (formerly known as Duncan Young Capital Management, LLC) registered with the Securities Commissioner as an investment adviser. This registration is currently effective.
2. Respondent Duncan is a natural person whose last known business address as shown by the records of the Texas State Securities Board is 11200 Westheimer Rd., Suite 900, Houston, TX 77042. Respondent Duncan is the managing member of Respondent DPWM. On or about March 6, 2007, Respondent Duncan registered with the Securities Commissioner as an investment adviser representative of Respondent DPWM. This registration is currently effective.

II. 2008 Inspection

3. In April of 2008, the staff of the Inspections and Compliance Division of the Texas State Securities Board ("Staff") conducted an inspection of Respondents' business activities.
4. During the inspection, the Staff asked Respondent Duncan whether any clients loaned money to Respondent DPWM or its representatives. Respondent Duncan told the Staff that no clients had loaned money to Respondent DPWM or its representatives.
5. In 2012, the Staff learned that Respondent Duncan's representation to the Staff in 2008 was false. In reality, prior to the 2008 inspection, at least one client had lent money to Respondent DPWM. Specifically, in February 2008, one of Respondents' clients loaned \$15,000 to Respondent DPWM. These funds were deposited into a bank account in the name of Respondent DPWM.
6. As part of the Staff's financial review during the 2008 inspection, the Staff noticed the \$15,000 deposit on Respondent DPWM's February 2008 bank statement and asked Respondent Duncan to identify its source. Respondent Duncan represented that the deposited funds came from his father. As stated above, the deposit was actually a loan from a client.
7. Notably, the client loan from February 2008 is still outstanding and unpaid.
8. The information sought by the Staff during the 2008 inspection was necessary to determine Respondents' business repute. Respondent Duncan's representations to the Staff regarding client loans and the source of the February 2008 deposit constitute material misrepresentations to the Securities Commissioner in

connection with information deemed necessary by the Securities Commissioner to determine the business repute of Respondents.

9. Additionally, Respondent Duncan's misrepresentations to the Staff regarding client loans and the source of the February 2008 deposit constitute fraudulent business practices.

III. Undertaking

10. In April of 2009, Respondent DPWM entered into an Undertaking with the Securities Commissioner. As part of the Undertaking, Respondent DPWM agreed to submit copies of its quarterly balance sheets to the Staff.
11. Respondent DPWM submitted quarterly balance sheets for March 2008 through June 2010 to the Staff. On each of the quarterly balance sheets, Respondent DPWM represented that it had no liabilities. However, during this period, Respondent DPWM had outstanding liabilities for loans from clients.
12. The information on the balance sheets was necessary for the Staff to determine Respondent DPWM's business repute and qualifications. Respondent DPWM's representations on the balance sheets that it did not have any liabilities constitute material misrepresentations to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine the business repute of Respondents.
13. Additionally, Respondent DPWM's representations on the balance sheets that Respondent DPWM did not have any liabilities constitute fraudulent business practices.

IV. 2012 Inspection

14. In July of 2012, the Staff conducted another inspection of Respondents' business activities.
15. During the inspection, the Staff asked Respondent Duncan whether Respondent DPWM or any of its representatives had borrowed money or securities from clients. Respondent Duncan told the Staff that Respondent DPWM and its representatives had not borrowed money or securities from clients. However, prior to the 2012 inspection, Respondent DPWM had borrowed money from at least two clients.
16. The Staff again asked Respondent Duncan about the \$15,000 deposit reflected on Respondent DPWM's February 2008 bank statement. This time, Respondent

Duncan told the Staff that the deposited funds came from his personal savings. As discussed previously, this deposit was actually a client loan.

17. The Staff also asked Respondent Duncan about a \$4,000 deposit reflected on Respondent DPWM's April 2008 bank statement. Respondent Duncan again told the Staff that the deposited funds were from his personal savings. In reality, the deposit was a loan from another client.
18. The information sought by the Staff during the 2012 inspection was necessary to determine Respondents' business repute. Respondent Duncan's representations to the Staff regarding client loans and the sources of the February and April 2008 deposits constitute material misrepresentations to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine the business repute of Respondents.
19. Additionally, Respondent Duncan's misrepresentations to the Staff regarding client loans and the sources of the February and April 2008 deposits constitute fraudulent business practices.

V. Legal Authority

20. Section 14 of the Texas Securities Act states in part:

(A) The Commissioner may . . . revoke a registration issued under this Act. . . if the person:

. . .

(3) has engaged in any . . . fraudulent business practice; [or]

(7) has made any material misrepresentation to the Commissioner or Board in connection with any information deemed necessary by the Commissioner or Board to determine a dealer's or investment adviser's financial responsibility or a dealer's, agent's, investment adviser's or investment adviser representative's business repute or qualifications, or has refused to furnish any such information requested by the Commissioner or Board.

21. Pursuant to Section 14.A(7) of the Texas Securities Act, Respondents' material misrepresentations to the Securities Commissioner in connection with information deemed necessary by the Securities Commissioner to determine the business repute and qualifications of Respondents are bases for the revocation of Respondents' registrations with the Securities Commissioner.

22. Pursuant to Section 14.A(3) of the Texas Securities Act, the aforementioned fraudulent business practices are bases for the revocation of Respondents' registrations with the Securities Commissioner.

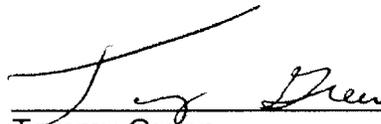
VI. Relief Requested

Based on the foregoing allegations, the Staff requests that the Securities Commissioner issue an Order REVOKING Respondents' registrations with the Securities Commissioner.

Pursuant to § 105.13 of the Board Rules, the Staff respectfully requests that the State Office of Administrative Hearings order that all costs charged to the Texas State Securities Board by any court reporting service involved in this matter be assessed against Respondent.

You are invited to appear personally, with, without, or through counsel, and to present any and all evidence relating to the matters set forth in this Notice.

Signed this 12th day of September, 2012.



Tommy Green
Director of Inspections & Compliance

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been sent via certified mail return receipt requested to the parties listed below and to the Securities Commissioner's Representative by hand-delivery, done on this, the 12th day of September, 2012.

Duncan Private Wealth Management, LLC
11200 Westheimer Rd., Ste 900
Houston, TX 77042

VIA CERTIFIED MAIL: 9171999991703062324434

Donovan Colin Duncan
11200 Westheimer Rd., Ste 900
Houston, TX 77042

VIA CERTIFIED MAIL: 9171999991703062324441

Marlene Sparkman
General Counsel
Securities Commissioner's Representative
Texas State Securities Board
208 E. 10th Street, Fifth Floor
Austin, Texas 78701
Telephone: (512) 305-8300
Facsimile: (512) 305-8336

VIA HAND DELIVERY



Courtney Bowling
Attorney
Inspections and Compliance Division