

JOHN MORGAN  
SECURITIES COMMISSIONER



RONAK V. PATEL  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

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IN THE MATTER OF  
THE INVESTMENT ADVISER  
REPRESENTATIVE REGISTRATION OF  
DOUGLAS BRUCE SHAW

§  
§  
§  
§

**Order No. IC13-SUS-07**

TO: Douglas Bruce Shaw (CRD No.1032211)  
Ling & Shaw Services, LLC  
109 N. Post Oak Lane, Suite 430  
Houston, TX 77024

### DISCIPLINARY ORDER

Be it remembered that Douglas Bruce Shaw ("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 Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2010 and Supp. 2012)("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2012)("Administrative Procedure Act").
2. On August 19, 2009, Respondent registered with the Securities Commissioner as an investment adviser representative of Ling & Shaw Services, LLC. This registration is currently effective.
3. From February 26, 2004 to March 26, 2009, Respondent was registered with the Securities Commissioner as an agent and investment adviser representative of Stanford Group Company ("SGC").

4. From 2004 to early 2009, Respondent sold a significant amount of International Certificates of Deposit (the "Stanford CDs") issued by Stanford International Bank, Ltd. ("SIB").
5. Although marketed as a certificate of deposit, the Stanford CDs represented a riskier investment than a traditional U.S. bank certificate of deposit because the Stanford CD was not an insured deposit.
6. In connection with selling the Stanford CDs, Respondent obtained information about SIB from SGC management.
7. Specifically, Respondent received information from SGC management purporting to represent the performance of SIB investments and insurance policies covering the bank.
8. Additionally, Respondent was told that Pershing, LLC ("Pershing"), during the course of determining whether to act as prime broker for SGC, had conducted due diligence on SIB. Respondent discussed Pershing's due diligence efforts with others at SGC, and Respondent spoke with at least one person at Pershing in an attempt to confirm Pershing's due diligence.
9. Respondent represents that because of these efforts, he relied on Pershing's due diligence in connection with his sales of the Stanford CDs.
10. Respondent also received training material created by SGC and provided to SGC financial advisers regarding their sales of the Stanford CDs.
11. This training material indicated that while clients could transfer a substantial amount of their investment risk to the SIB, a client could only control their credit risk exposure in SIB by limiting the amount of their portfolio invested in the Stanford CDs.
12. Respondent's recommendations that two (2) clients, JF and RK, invest in the Stanford CDs resulted in those clients' portfolios being over-concentrated in the Stanford CDs.
13. Both JF and RK lost their entire investments in the Stanford CDs.

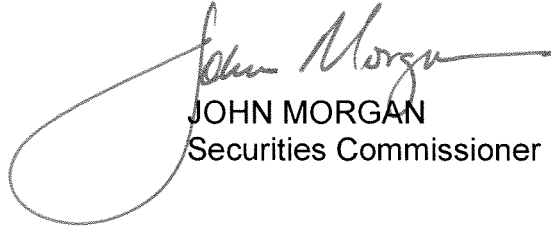
#### CONCLUSIONS OF LAW

1. The Stanford CDs constitute "securities" as the term "securities" is defined by Section 4.A of the Texas Securities Act.
2. The recommendations to JF and RK constitute inequitable practices in the sales of securities.
3. Pursuant to Section 14.A(3) of the Texas Securities Act, the aforementioned inequitable practices constitute bases for the suspension of Respondent's registration with the Securities Commissioner.

ORDER


It is therefore ORDERED that the investment adviser representative registration of Douglas Bruce Shaw is hereby SUSPENDED for a period of sixty (60) days from the date this Order is signed by the Securities Commissioner.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 5th  
day of September, 2013.



JOHN MORGAN  
Securities Commissioner

Respondent:



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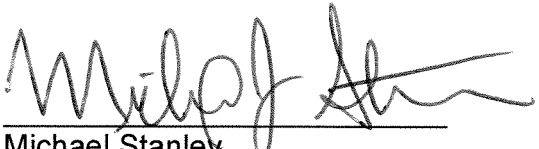
Douglas Bruce Shaw

Approved as to Form:




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Ronak V. Patel  
Deputy Securities Commissioner



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Michael Stanley  
Attorney for Respondent



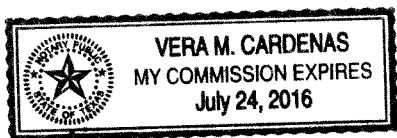
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Clinton T. Edgar  
Attorney  
Inspections and Compliance Division

**ACKNOWLEDGEMENT**

On the 30<sup>th</sup> day of August, 2013, Douglas Bruce Shaw ("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.



[affix notary seal here]

Vera M. Cardenas

Notary Public in and for  
the State of TEXAS

My commission expires on: 7-24-2016