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SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF THE INVESTMENT  
ADVISER REGISTRATION OF  
KURT JASON GUNTER

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**Order No. REG20-SUS-06**

TO: Kurt Jason Gunter (CRD No. 2747789)  
Lake Hills Wealth Management, LLC  
8601 Ranch Road 2222, Building 1, Suite 230  
Austin, TX 78730

### **DISCIPLINARY ORDER**

Be it remembered that Kurt Jason Gunter ("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 the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (West, Westlaw through 2019 R. Sess.) ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West, Westlaw through 2019 R. Sess.).
2. From June 21, 2013 through August 18, 2017 Respondent was registered with the Securities Commissioner as an agent and investment advisor representative of Stifel, Nicolaus & Company, Inc.
3. From August 18, 2017 through November 4, 2020, Respondent was registered as an agent and investment adviser representative of Wells Fargo Clearing Services, LLC.

4. On November 9, 2020, Respondent applied for registration with the Securities Commissioner as an investment advisor representative of Lake Hills Wealth Management, LLC ("Lake Hills"). This registration is currently pending.

### **Relevant Disciplinary History**

5. On November 20, 2020, Respondent entered into a letter of acceptance waiver and consent (the "AWC") with the Financial Industry Regulatory Authority ("FINRA").<sup>1</sup>
6. The AWC suspended Respondent from association with any FINRA member firm for a period of three months and assessed a \$10,000 fine against Respondent in connection with Respondent's unsuitable pattern of short-term trading of Unit Investment Trusts ("UITs") in customer accounts.
7. A UIT is an investment company that offers investors shares or "units" in a fixed portfolio of securities, generally stocks and bonds.
8. A unit is redeemable after a specific period of time, often after 15 or 24 months, at which point the underlying securities are sold and the resulting proceeds are paid to the investors. Investors may also have the option to reinvest in the next round of UITs at this time.
9. UIT investors are subject to multiple fees associated with their investment. For example, they may pay an initial sales charge, a deferred sales charge, a creation and development fee and an annual trust operating expense. If the proceeds from the sale of a UIT were reinvested in the next round of UITs, sponsors often waive the initial sales charge but still apply the deferred sales charge and C&D fee.
10. For these reasons, selling a UIT before its maturity date and using the proceeds to invest in another UIT would cause an investor to incur greater fees than if the UIT is held to maturity.
11. Without admitting or denying, Respondent consented to the entry of the AWC which alleged the following:
  - a. From July 2013 through December 2016, Respondent recommended that Respondent's clients roll over UITs more than 100 days prior to maturity on more than 270 occasions.
  - b. Although Respondent's clients' UITs typically had a 24-month maturity period, Respondent recommended that they sell their UITs after holding

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<sup>1</sup>

[https://www.finra.org/sites/default/files/fda\\_documents/2018057226601%20Kurt%20Jason%20Gunter%20CRD%202747789%20AWC%20va.pdf](https://www.finra.org/sites/default/files/fda_documents/2018057226601%20Kurt%20Jason%20Gunter%20CRD%202747789%20AWC%20va.pdf)

them for, on average, only 297 days, and use the proceeds to purchase a new UIT.

- c. Of the more than 270 early rollovers, more than 120 were "series-to-series" rollovers. Meaning, on more than 120 occasions, Respondent recommended that Respondent's clients roll over a UIT before its maturity date to purchase a subsequent series of the same UIT, which generally had the same or similar investment objectives and strategies as the prior series.
- d. Respondent's recommendations caused his clients to incur unnecessary sales charges and were unsuitable in view of the frequency and cost of the transactions.

12. As an investment adviser representative of Lake Hills, Respondent will be placed under heightened supervision for a period of one year.

13. Additionally, Respondent will be limited to Lake Hills' universe model portfolios and not have trading authority of client accounts for a period of one year.

14. Additionally, Respondent's investment advice will not include the sales of any securities for a commission, such as UITs.

15. Additionally, Lake Hill has represented to staff of the Texas State Securities Board (the "Staff") that Respondent will be directly supervised by both Lake Hills' Chief Compliance Officer / Founding Partner, as well as the other Founding Partner of Lake Hill; and that Respondent will primarily work out of the principal office and place of business of Lake Hill – not from a secondary, remote office.

#### CONCLUSIONS OF LAW

1. Pursuant to Section 14.A(9) of the Texas Securities Act, the aforementioned suspension from membership by FINRA, a self-regulatory organization, constitutes a basis for the suspension of Respondent's registration with the Securities Commissioner.

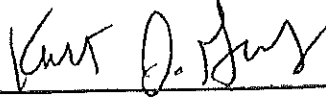
#### ORDER

1. It is therefore ORDERED that the registration of Kurt Jason Gunter as an investment adviser representative of Lake Hills Wealth Management, Inc. with the Securities Commissioner is hereby GRANTED.
2. It is further ORDERED that the registration of Kurt Jason Gunter as an investment adviser representative of Lake Hill Wealth Management, Inc. with the Securities Commissioner is hereby SUSPENDED for a period of ninety (90) days, a period which shall run concurrently with Respondent's suspension from FINRA.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 14<sup>th</sup>  
day of December, 2020.

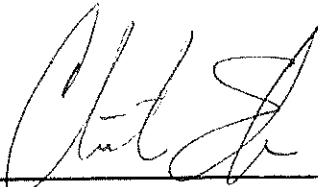
  
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TRAVIS J. ILES  
Securities Commissioner

Respondent:



Kurt Gunter  
Individually

Approved as to Form:



Clinton Edgar,  
Deputy Securities Commissioner



Bradley Kirclin  
Henneman Rau, LLP  
Attorney for Respondent



Cristi Ramón Ochoa,  
Attorney  
Inspections and Compliance Division