

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
 )  
GOLD CAPITAL MANAGEMENT, INC.)  
 )  
\_\_\_\_\_  
RESPONDENT )

ADMINISTRATIVE ORDER  
NO. CD-2001-0047

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. GOLD CAPITAL MANAGEMENT, INC. ("RESPONDENT"), is represented to be a Kansas domiciled corporation, registered as a BD in the state of Kansas, et al, with a business address of 10975 El Monte, Suite 225, Overland Park, KS 66211.

STATEMENT OF FACTS

2. On August 27, 2001, RESPONDENT electronically filed a Form BD, through the National Association of Securities Dealers, Inc., Central Registration Depository ("NASDCRD"), for registration as a dealer in the state of Alabama. On September 6, 2001, a letter was dispatched to RESPONDENT which enumerated certain documentation and information that must be provided as part of the application for registration, among which was a requirement to furnish a statement concerning any prior sales activity that had occurred in the state of Alabama. RESPONDENT was advised that failure to file a complete application may result in denial of the application and that the notification constituted an Order of the Commission deferring the

registration effective date until such time as all deficiencies were resolved and an Order of Registration issued. By letter, dated September 6, 2001, RESPONDENT provided responses, two of which did not adequately resolve the concerns of the Commission staff. On September 19, 2001, these concerns were provided to SUBJECT in an additional deficiency letter, with advice that if the application was not withdrawn or a response received resolving the deficiencies within 14 days of RESPONDENT's receipt of the letter, action would be taken to initiate denial proceedings. A response was received from RESPONDENT on October 10, 2001 resolving the deficiencies. Included in the response was the statement **"Gold Capital Management has not conducted any prior activity in the state of Alabama."**

3. On September 7, 2001, a visitation letter was dispatched to RESPONDENT's clearing firm, Pershing, a division of Donaldson, Lufkin & Jenrette Securities Corporation ("Pershing"), for a listing of Alabama clients of RESPONDENT, and documents, including transaction reports detailing transactions and date of transactions, if any.

4. On September 24, 2001, the Commission received transaction information from Pershing reflecting RESPONDENT has 8 accounts numbered 5MW361776 (no activity); 5MW361768 (no activity); 5MW361750 (no activity); 5MW358277 (no activity); 5MW365421 (no activity); 5MW362543 (no activity); 5MW361784 (no activity) and 5MW367997 (19 buys and 13 sales during the period 05/11/00 to 08/23/01). **NOTE: The holder of account 5MW367997 was contacted by a Commission staff member and he stated he has been a resident of the state of Alabama for the past 5 to 6 years.**

5. Review of the files of the Commission, disclosed no record of registration or exemption from registration of RESPONDENT as a dealer in the state of Alabama.

#### CONCLUSIONS OF LAW

6. RESPONDENT is not registered nor exempt from registration as a dealer in the state of Alabama, and has effected securities transactions with a resident of the state of Alabama.

7. Transacting business in the state of Alabama as a dealer, without benefit of registration or exemption from registration, is a violation of Section 8-6-3(a), Code of Alabama 1975.

8. RESPONDENT has filed an application for registration which, as of its effective date, or as of any date after filing, was incomplete or contained a false statement (see paragraph 3, page 2, above).

9. The filing of an application for registration, containing a false statement, is a violation of Section 8-6-3(j)(1), Code of Alabama 1975.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Alabama Securities Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Alabama Securities Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENT immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 4TH day of DECEMBER, 2001.



ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984  
BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over the printed name and title. The signature is fluid and stylized, with a long horizontal stroke extending to the right.

JOSEPH P. BORG  
Director