

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

**IN THE MATTER OF:**

**WILLIAM DAVID THOMAS, JR**

**RESPONDENT**

**ORDER TO BAR  
NO. OB-2013-0002**

**ORDER TO BAR**

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("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. **WILLIAM DAVID THOMAS, JR. ("THOMAS")** at all times relevant was a Registered Representative (CRD #1316283), d/b/a; Grandview Wealth Management, Inc, with a commercial business address of 15 Southlake Lane, Suite 160, Hoover, Alabama 35244-3327. THOMAS was registered with the FINRA member firm, Multi-Financial Securities Corporation, currently known as Cetera Advisors, LLC, CRD #10299.

**STATEMENT OF FACTS**

2. According to the Central Registration Depository (CRD) from April 13, 1992, to March 10, 2010, THOMAS was registered as an Investment Advisor Representative and associated with the firm, Multi-Financial Securities Corporation, currently Cetera Advisors, LLC, (CRD #10299). From March 29, 2010 to October 31, 2011, THOMAS was associated with the firm, Dempsey Lord Smith, LLC, (CRD #141238).

3. On September 21, 2005, THOMAS filed the Articles of Incorporation for Grandview Wealth Management, Inc., ("GWM") with the Alabama Secretary of State's office. GWM with the business address of 5120 Selkirk Drive, Suite 250, Birmingham, Alabama, 35242, was purportedly in the business of managing investment accounts.

4. On May 12, 2010, THOMAS filed the Limited Liability Company articles of organization of GWM with the Alabama Secretary of State's office. According to the articles of organization, GWM had a business address of 15 Southlake Lane, Suite 310, Hoover, Alabama, 35244, and specialized in "Financial Services".

5. According to the Alabama Secretary of State's office online database, on July 18, 2011, THOMAS registered the Delaware Corporation Twin Oaks Strategic Partners as an Alabama foreign corporation.

6. Documents obtained by the Commission revealed that Thomas created the DBA Grandview Wealth Management and the separate advisory firm Twin Oaks Strategic Partners (CRD #151824) without prior knowledge and approval of the firm Multi-financial Securities Corporation.

7. On or about September 2011, the Commission received documents and information that alleged THOMAS may have committed several violations of the Alabama Securities Act.

8. The Commission staff conducted an audit of Thomas' office with Grandview Wealth Management on December 15 – 16, 2011. During the onsite audit THOMAS provided the Commission staff with certain requested documents (i.e. promissory notes, related materials) and an explanation concerning their existence.

9. THOMAS revealed to the Commission his desire to purchase a total of five broker-dealer agent branch offices in various parts of the country. To facilitate the purchase of the branch offices, THOMAS borrowed \$245,000.00 from two of his GWM clients.

10. To memorialize the client loans, THOMAS issued promissory notes

beginning in March 2009. In total, THOMAS issued four (4) promissory notes to two of his GWM clients promising a rate of 10% per annum with payments to begin in April and July 2010. In addition, the notes issued by THOMAS included his residential as collateral.

11. Subsequent interviews with those GWM clients revealed that during the solicitations, THOMAS omitted the fact his residence was collateralized on other promissory notes.

12. The Commission's December 2011 onsite audit revealed evidence of "selling away" of an unregistered security, (i.e., promissory notes, issued by Integrity Capital, LLC), which were offered and sold by THOMAS to his GWM clients.

13. Documents obtained during the Commission's onsite audit revealed THOMAS offered and sold eleven (11) Integrity Capital promissory notes to eight (8) separate GWM clients for a total amount of \$2,032,336.91.

14. The Integrity Promissory Notes Loan and Security agreement provides that the note proceeds would be used for the purchase of assets, capital stock and the purchase of government backed vouchers and other commercial loans.

15. The Integrity Capital promissory notes promised a return of 9% interest with distributions paid in quarterly installments, or on an annual basis with a return of the principal upon the 3 year maturity date.

16. During solicitations to the GWM clients, THOMAS made representations that he was familiar with the principals of Integrity Capital. THOMAS further asserted the promissory notes were collateralized by federal government vouchers therefore making them safe and secure.

17. Documents obtained by the Commission revealed that THOMAS advised at least one elderly GWM client to liquidate an annuity investment vehicle to reinvest their funds at a higher interest rate with Integrity Capital notes.

18. According to the online database for the Alabama Secretary of State's

office, Integrity Capital is a Shelby County, Alabama, Domestic Limited Liability Company, formed by Christopher Shawn Linton and Brandon L. Blankenship on April 20, 2009.

19. A review of the Commission files conducted on December 2011, disclosed neither registration nor an exemption from registration to offer and/or sell securities in Alabama for the issuer Integrity Capital, LLC.

20. The Commission files revealed no registration or an exemption from registration for the Promissory Notes issued by Integrity Capital, LLC, which were offered and sold by THOMAS.

21. Integrity Capital defaulted on their promissory notes in the fourth quarter of 2011 and/or the first quarter of 2012, causing the Alabama residents to lose a considerable portion of their invested funds.

22. As of the date of the Commission's onsite audit, THOMAS had defaulted on the four promissory notes outlined in paragraph #10.

23. In a statement to the Commission during the onsite audit, THOMAS acknowledged the existence of an agreement with Integrity Capital representatives, in exchange for raising capital, THOMAS was to receive 25% ownership in Integrity Capital and 2% of their net profit per year.

24. Prior to the offer and sale of the Integrity Capital promissory notes, THOMAS failed to provide his firm with written notice of his participation and failed to receive written approval from the member firm prior to conducting private securities transactions.

25. Pursuant to the allegations mentioned herein, on August 24, 2012, THOMAS entered into a FINRA Letter of Acceptance, Waiver and Consent NO. 2010021668702 attached herein as Exhibit #1. As a result of the FINRA Acceptance, Waiver and Consent Order, THOMAS agreed to a BAR from association with any member of FINRA in any capacity.

26. On September 27, 2012, THOMAS submitted to the Commission for review, a registration application for Investment Advisor Representative with the member firm Peak Wealth Group, LLC, (CRD #15003).

27. On October 9, 2012, Peak Wealth Group, LLC, withdrew their registration application for THOMAS.

### **CONCLUSIONS OF LAW**

28. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a security includes any note or other evidence of indebtedness. The Integrity Capital Promissory Notes offered and sold by THOMAS are notes representing evidence of indebtedness and are securities under the Act.

29. The definition of an agent under Section 8-6-2(2), Code of Alabama 1975, includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. THOMAS represented Integrity Capital in effecting transactions of unregistered securities, (i.e. promissory notes), in Alabama and is an Agent under the Act.

30. Section 8-6-4, Code of Alabama 1975 states: "It is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11." The securities offered and sold by THOMAS were neither registered nor exempt from registration in Alabama and were offered and sold by THOMAS in violation of the Act.

31. Section 8-6-3(J)(7), Code of Alabama 1975 states: "The Securities Commission may by order deny, suspend or revoke any registration, censor or bar any applicant or registrant; who has engaged in dishonest or unethical practices in the securities business". THOMAS conducted private security transactions ("selling away") by failing to obtain approval from the member firm prior to the offer and sale of the

securities mentioned herein. The Integrity Capital promissory notes offered and sold by THOMAS were not registered, nor exempt from registration, as required by the Alabama Securities Act. THOMAS knowingly facilitated a loan from two (2) GWM clients and memorialized the loans with four (4) issued promissory notes. THOMAS' conduct constitutes dishonest or unethical practices in violation of the Act.

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

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

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the RESPONDENT to make a timely request for hearing, or default of the respondent, it is the intention of the Commission to impose sanctions upon the RESPONDENT. Such sanctions may include, inter alia, an administrative assessment imposed on RESPONDENT, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against RESPONDENT, and a permanent order to bar RESPONDENT from participation in any securities related industry in the state of Alabama.

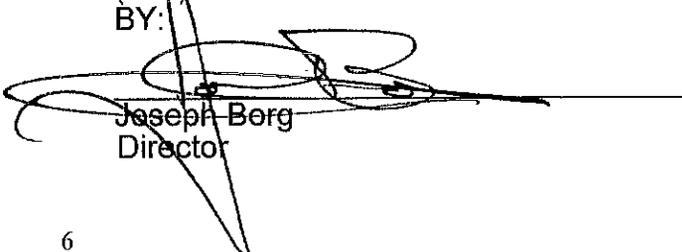
ACCORDINGLY, IT IS HEREBY ORDERED that the RESPONDENT be BARRED from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 15<sup>th</sup> day of February, 2013.



ALABAMA SECURITIES COMMISSION  
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BY:

  
Joseph Borg  
Director