

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
RAYMOND JAMES INVESTMENTS, INC)	ADMINISTRATIVE ORDER
BIRCHTREE FINANCIAL SERVICES, INC)	NO. 0V-2003-0020
GUNNALLEN FINANCIAL, INC.)	
)	
<u>RESPONDENTS</u>)	

ORDER TO VACATE

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 ("Act"), upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. RAYMOND JAMES INVESTMENTS, INC ("RAYMOND JAMES") is registered in the State of Alabama as a Broker Dealer, and purports itself to be a Florida corporation, with an address of 880 Carillon Parkway ST. Petersburg, FL 33716.

2. BIRCHTREE FINANCIAL SERVICES, INC ("BFS") is registered in the State of Alabama as a Broker Dealer, and purports itself to be an Oklahoma corporation, with an address of 3600 W. 80TH Street Bloomington, Mn 55431.

3. GUNNALLEN FINANCIAL, INC. ("GUNNALLEN") is registered in the State of Alabama as a Broker Dealer, and purports itself to be a Florida corporation, with an address of 1715 N. Westshore Blvd Ste 775 Tampa Florida 33607.

STATEMENT OF FACTS

4. The Commission received complaints from several Alabama residents with accounts at RAYMOND JAMES, pertaining to the activities of their account executive Harry

Jelks Vance (Vance), and his supervisor Rodney Lankford (Lankford). These residents allege that Vance, Lankford, and their associate David Dennis (Dennis), began promoting and selling investments in a Private Placement called Gadsden LP. The minimum investment sought by Vance, Lankford, and Dennis was \$50,000.00 per investor. On August 12, 2003, the commission issued a Show Cause Order to Respondents based upon the activities of Lankford Vance, and Dennis.

5. From May 11, 1998 to August 21, 2000, Dennis was an agent of BFS until he voluntarily terminated his employment. From August 18, 2000 to February 7, 2003, Dennis was an agent of GUNNALLEN until he voluntarily terminated his employment.

6. GADSDEN LP ("GADSDEN LP") was a Limited Partnership formed by Dennis, a BFS agent from Texas. Funds raised from the unregistered Private Placement were to be invested into e. Wanted, a reverse auction Internet based website. Vance, Lankford, and Dennis further represented that e. Wanted would be the subject of an Initial Public Offering (IPO) by the fourth quarter of year 2000.

7. ROAD RUNNER ASSET MANAGEMENT, LLP ("ROAD RUNNER") is the general partner of GADSDEN LP. ROAD RUNNER and has a business address of 8310 Capitol of Texas Highway, Suite 490, Austin, Texas 78731. Dennis was listed as the general partner of ROAD RUNNER.

8. Investors were led to believe that RAYMOND JAMES endorsed and sanctioned the sale of the Gadsden LP Private Placement, when Vance, Lankford, and Dennis were selling investments not authorized by their respective firms. According to RAYMOND JAMES, Vance and Lankford failed to notify or receive appropriate authorization to engage in or solicit any outside investment ventures. Vance, Lankford, and Dennis held investor meetings at the RAYMOND JAMES Branch Office in Gadsden, Alabama. In addition, RAYMOND JAMES claims that without its knowledge or approval, Vance, Lankford, and Dennis sent Gadsden LP investment related correspondence to investors on RAYMOND JAMES letterhead.

9. Vance, Lankford and Dennis solicited a total of \$375,000.00 into their unregistered Gadsden LP Private Placement investment from nine Alabama residents.

10. In August 2000, Dennis transferred his agent license from BFS to GUNNALLEN. No complaints or reportable disclosures were noted in CRD by BFS. Records indicate that Dennis voluntarily resigned.

11. In April 2002, investors were awaiting their K-1 Tax paperwork for the Gadsden LP investment. Several investors began receiving written notification, in the form of a letter from a Certified Public Accountant from Texas, advising that e.Wanted was bankrupt. Upon contacting Lankford via telephone or in person, investors were advised that their Gadsden LP interests were worthless. Investors were also later advised that neither Vance nor Lankford had personally invested in the Gadsden LP Private Placement as previously represented.

12. In November 2002, both Vance and Lankford's CRD disclosure indicated U-5 complaints referencing the Alabama residents cited in this Order.

13. Review of the files of the Registration Division, Alabama Securities Commission, disclosed no record of registration for Gadsden LP in the State of Alabama.

14. As of February 2003, the date of Dennis' voluntary termination from GUNNALLEN, Dennis' CRD disclosures indicated no complaints or reportable disclosures, even though Dennis was a named respondent in a NASD complaint dated November 6, 2002.

15. Review of the files of the Registration Division, Alabama Securities Commission, disclosed no record of registration for Road Runner LLP in the State of Alabama.

16. For the purpose of this Order, at all times relevant to this complaint, Dennis was a registered agent of BFS or GUNNALLEN.

17. By letter, dated August 14, 2003, RAYMOND JAMES provided details concerning the settlement agreement reached between complainants listed on the Lankford customer complaint U-4 Occurrence 1121527. In addition, RAYMOND JAMES outlined increased supervisory measures implemented to avert future violations on the part of Lankford and other agents in the Gadsden, Alabama branch office.

18. RAYMOND JAMES removed Lankford as the branch manager and a Senior Compliance Specialist employed with RAYMOND JAMES was appointed as the Gadsden Branch Manager. RAYMOND JAMES advised that changes were instituted prior to the issuance of the Commissions Order. RAYMOND JAMES took these measures to ensure the enforcement and compliance of company policies and procedures, at Lankford's OSJ Branch and satellite offices.

19. On September 22, 2003, GUNNALLEN responded in writing to the Commission's Order. GUNNALLEN asserted the claim that Dennis had submitted a FormU-4 application and Employment Verification Form, on August 11, 2000. The U-4 contained no responses to the questions listed on page 3 of the Application, which related to civil and criminal disclosures. The Employment Verification indicated only one occurrence, in which Dennis had been permitted to resign from Raymond James & Associate, Inc., for failure to comply with company policies. GUNNALLEN received no additional information from any previous employers, which identified any previous or current outside activities of Dennis.


20. Information received from BFS indicates that Dennis failed to disclose his outside business activities with Gadsden LP and Road Runner Asset management. Furthermore, Dennis was allowed to voluntarily terminate his employment on August 21, 2000, prior to the filing of any customer complaints.

Based upon the aforementioned facts and good cause shown, the Show Cause Order, Administrative Order No. *SC*-2003-0020, issued to RAYMOND JAMES INVESTMENTS, INC, GUNNALLEN FINANCIAL, and BIRCHTREE FINANCIAL SERVICES, INC, INC. on August 12, 2003, is hereby vacated.

Entered at Montgomery, Alabama, this 9th day of December, 2003.



ALABAMA SECURITIES COMMISSION
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BY:


SUSAN ANDERSON
Deputy Director