

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
 )  
RODNEY HOWARD LANKFORD ) ADMINISTRATIVE ORDER  
HARRY JELKS VANCE, JR ) NO. SC-2003-0020  
RAYMOND JAMES INVESTMENTS, INC )  
BIRCHTREE FINANCIAL SERVICES, INC )  
GUNNALLEN FINANCIAL, INC. )  
 )  
RESPONDENTS )

SHOW CAUSE 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, has determined as follows.

RESPONDENTS

1. RODNEY HOWARD LANKFORD ("LANKFORD") has been registered in the state of Alabama, as a securities agent of the registered dealer RAYMOND JAMES, since January 4, 1999, with a business address of 1902 Rainbow Drive P. O. Box 8606, Gadsden, Alabama 35901.

2. HARRY JELKS VANCE, JR ("VANCE"), during the period of January 4, 1999 to August 24, 2001, was a registered securities agent of RAYMOND JAMES, with a business address of 1902 Rainbow Drive PO Box 8606, Gadsden, AL 35901. Since August 24, 2001, Vance has been a registered agent of Pan-American Financial Advisers, with a business address of 600 Luckie Drive Ste 214, Birmingham, AL 35223.

3. 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.

4. 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. From May 11, 1998 to August 21, 2000, David Dennis ("Dennis") was an agent of BFS until he voluntarily terminated his employment.

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

#### STATEMENT OF FACTS

6. The Commission received complaints from several Alabama residents with accounts at RAYMOND JAMES, pertaining to the activities of their account executive VANCE, and his supervisor LANKFORD. These residents allege that VANCE, LANKFORD, and their associate David 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.

7. GADSDEN LP ("GADSDEN LP") was a Limited Partnership formed by LANKFORD and his associate 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.

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

9. Representations were made by VANCE, LANKFORD, and Dennis, in order to solicit investments, that e.Wanted was in negotiations to potentially be acquired by either Ebay.com or YAHOO.com.

10. VANCE, LANKFORD, and Dennis further represented to investors that a minimum investment of \$1 million would be placed into the e.Wanted private placement deal.

11. Dennis represented to investors that Jack Lynch, a friend and "shrewd" investor from Texas, had invested heavily in e. Wanted and had offered the opportunity to Dennis. In turn, Dennis offered it to LANKFORD. Since LANKFORD did not have the full minimum investment amount, he in turn began offering it to a select group of his RAYMOND JAMES clients.

12. 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 away" from the firm. 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 their knowledge or approval, VANCE, LANKFORD, and Dennis sent Gadsen LP investment related correspondence to investors on RAYMOND JAMES letterhead.

13. LANKFORD, and Dennis had previously been approved by RAYMOND JAMES for only one outside business activity, as partners in CH-4 Development Partners. The CH-4 Development Partners business was described as a company involved in natural gas and methane gas exploration and production. According to RAYMOND JAMES, LANKFORD, and Dennis had represented that they would not be offering the CH-4 investment to any of their clients, nor raise capital for the CH-4 investment

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

15. 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.

16. VANCE and LANKFORD represented to investors that they had both personally invested in the Gadsden LP Private Placement.

17. 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, they were advised that their Gadsden LP interest were worthless. Investors were also later advised that neither VANCE nor LANKFORD had personally invested in the Gadsden LP Private Placement as previously represented.

18. In November 2002, both VANCE and LANKFORD'S CRD disclosure indicated U-5 complaints referencing the Alabama residents cited in this Order.

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

20. 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.

21. 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.

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

#### CONCLUSIONS OF LAW

23. VANCE and LANKFORD have violated the provisions of Section 8-6-3(j)(7), Code of Alabama 1975 by engaging in dishonest or unethical practices in the securities business, to wit: by executing transactions which RAYMOND JAMES has represented were unauthorized, by selling away to clients unregistered interests in the Gadsden LP Private Placement investment.

24. VANCE and LANKFORD have violated the provisions of Section 8-6-4 and 8-6-17(a)(3), Code of Alabama 1975 by engaging in an act, practice, or course of business which operates or would operate as a fraud upon any person, to wit: the establishment of Road Runner LLP and Gadsden LP for the purpose of soliciting Alabama residents to purchased \$375,000.00 of unregistered securities, to wit interests in "e. Wanted".

25. LANKFORD has violated the provisions of Section 8-6-3(j)(10), Code of Alabama 1975, and Commission Rule 830-X-3-.13 by his failure to properly supervise the activities of VANCE.

26. RAYMOND JAMES has violated the provisions of Section 8-6-3(j)(10), Code of Alabama 1975, and Commission Rule 830-X-3-.13 by its failure to properly supervise the activities of VANCE and LANKFORD.

27. BFS has violated the provisions of Section 8-6-3(j)(10), Code of Alabama 1975, and Commission Rule 830-X-3-.13 by its failure to properly supervise the activities of Dennis.

28. GUNNALLEN has violated the provisions of Section 8-6-3(j)(10), Code of Alabama 1975, and Commission Rule 830-X-3-.13 by its failure to properly supervise the activities of Dennis.

29. Gadsden LP is not registered as a broker dealer in the state of Alabama. The offer and/or sale of securities within or into the state of Alabama without the benefit of registration is a violation of § 8-6-3(b), Code of Alabama, 1975.

30. The securities being solicited and sold by Vance, Lankford, and Dennis, to wit: interest in Gadsden LP, was not registered in the state of Alabama. The sale of unregistered securities, into, within, or from the state of Alabama is a violation of section 8-6-4, Code of Alabama 1975.

31. Road Runner LLP is not registered as a broker dealer in the state of Alabama. The offer and/or sale of securities within or into the state of Alabama without benefit of registration is a violation of § 8-6-3(a), Code of Alabama, 1975.

32. The dishonest and unethical sales practices alleged by Alabama residents, in the sale of unregistered securities by registered agents, raises an inference of willful violation and failure to comply with the Alabama Securities Act or rules promulgated there under. . As a result of the actions of VANCE, LANKFORD and Dennis, on August 26, 2003 the Commission issued a Cease and Desist Order, Administrative Order No. SC-2003-0019 to Vance and Lankford, and an Order to Bar, Administrative Order No. OB-2003-0021 to Dennis.

33. Pursuant to the provisions of Section 8-6-3(j)(6), Code of Alabama 1975, the Commission may suspend, revoke, censor or bar any registrant from employment with a securities dealer if the Commission finds that the Order is in the public interest, and that the registrant has violated or failed to comply with any provision of the Alabama Securities Act, or any rule or order issued by the Commission, or has failed to reasonably supervise registrants.

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

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

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENTS **SHOW CAUSE** to the Commission, within 28 days of the date of this Order, why RESPONDENTS' registrations as a dealer or agent should not be suspended or revoked in the state of Alabama.

Entered at Montgomery, AL, this 28<sup>th</sup> day of August, 2003.

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

BY:

JOSEPH P. BORG  
Director

