

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER



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DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
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IN THE MATTER OF THE  
INVESTMENT ADVISER  
REGISTRATION OF SOUTHWEST  
TEXAS CAPITAL, L.L.C.

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**Order No. IC06-CAF-41**

TO: Charles Lee Gallamore, Managing Director  
Southwest Texas Capital, L.L.C. (IARD No.104200)  
5700 Granite Parkway, Suite 900  
Plano, TX 75024

### DISCIPLINARY ORDER

Be it remembered that Southwest Texas Capital, L.L.C., by and through Charles Lee Gallamore, its Managing Director, ("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 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. art. 581-1 et seq. (Vernon 1964 & Supp. 2006)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2006)("Administrative Procedure Act").
2. On or about June 16, 2000, Respondent registered with the Securities Commissioner as an investment adviser, which is currently effective.
3. From on or about January 1, 2006 to on or about March 31, 2006, an employee of Respondent (the "Unregistered Employee") provided investment advice, for compensation and in Texas, on behalf of Respondent at a time when the Unregistered Employee was not registered with the Securities Commissioner as an investment adviser representative of Respondent.

4. Section 12.B of the Texas Securities Act, prohibits a person from rendering services as an investment adviser representative in Texas for a particular investment adviser, unless the person is registered under the Texas Securities Act as an investment adviser representative for that particular investment adviser, submits a notice filing as provided by Section 12-1 of the Texas Securities Act, or is otherwise exempt.
5. Respondent does not maintain a supervisory system reasonably designed to require all investment adviser representatives of Respondent to be in compliance with Section 12.B of the Texas Securities Act before rendering any investment advisory services on behalf of Respondent.
6. Section 116.10 of the Rules and Regulations of the Texas State Securities Board ("Board Rules") requires each registered investment adviser to establish and maintain a system to supervise the activities of its investment adviser representatives that is reasonably designed to achieve compliance with the Texas Securities Act and Board Rules.

#### UNDERTAKING

Respondent undertakes and agrees to establish, within twenty (20) days of this Order being signed by the Securities Commissioner, a supervisory system reasonably designed to achieve compliance with Section 12 of the Texas Securities Act.

#### CONCLUSIONS OF LAW

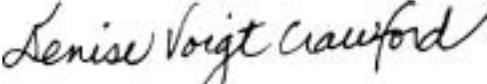
1. The Unregistered Employee provided investment advice, for compensation, to the clients of Respondent, and is an "investment adviser representative" as the term "investment adviser representative" is defined by Section **4.P** of the Texas Securities Act.
2. Respondent's rendering of services as an investment adviser through the Unregistered Employee, at a time when the Unregistered Employee was not registered as an investment adviser representative of Respondent, is a basis for the issuance of an order reprimanding Respondent pursuant to Section 14.A(5)(b) of the Texas Securities Act.
3. Respondent's failure to establish and maintain a supervisory system reasonably designed to ensure that all of Respondent's investment adviser representatives are in compliance with Section 12.B of the Texas Securities Act constitutes a violation of § 116.10 of the Board Rules.
4. Pursuant to Section **14.A(6)** of the Texas Securities Act, the foregoing violation of §116.10 of the Board Rules constitutes a basis for the issuance of an order reprimanding a registered investment adviser.

5. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violation of § 116.10 of the Board Rules constitutes a basis for the issuance of an order assessing an administrative fine against an investment adviser.

ORDER

1. It is therefore ORDERED that Southwest Texas Capital, L.L.C. is hereby REPRIMANDED.
2. It is further ORDERED that Southwest Texas Capital, L.L.C. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$5,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five Thousand Dollars (\$5,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
3. It is further ORDERED that Southwest Texas Capital, L.L.C. hereby COMPLY with the terms of the Undertaking enclosed herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 25<sup>th</sup>  
day of September, 2006.

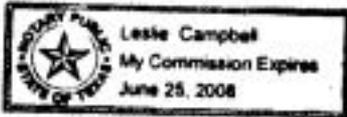
  
DENISE VOIGT CRAWFORD  
Securities Commissioner



**ACKNOWLEDGMENT**

On the 19<sup>th</sup> day of September, 2006, Southwest Texas Capital, L.L.C. ("Respondent"), by and through, Charles Lee Gallamore, its Managing Director, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledges that:

1. Charles Lee Gallamore is **duly** authorized to enter into the foregoing Order and Undertaking on behalf of Respondent;
2. Charles Lee Gallamore has read the foregoing Order and Undertaking;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, **by** consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Leslie Campbell  
Notary Public in and for  
the State of Texas

My commission expires on: 6.25.08