

ORIGINAL

OPEN MEETING ITEM

3/14-15/17



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COMMISSIONERS
TOM FORESE, Chairman
BOB BURNS
ANDY TOBIN
DOUG LITTLE
BOYD DUNN



SECURITIES DIVISION
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TED VOGT
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Tom Forese, Chairman
Bob Burns
Andy Tobin
Doug Little
Boyd Dunn

Arizona Corporation Commission

DOCKETED

FEB 28 2017

DOCKETED BY
GB

FROM: Matthew J. Neubert *MJN*
Director of Securities

DATE: February 27, 2017

RE: Proposed Order of Revocation Re: J. Randall Gladden
Docket No. S-20998A-16-0478

CC: Ted Vogt, Executive Director

Please find attached a proposed Order of Revocation regarding the matter of J. Randall Gladden (CRD #1789356).

Mr. Gladden had been licensed with the Arizona Corporation Commission as an investment adviser representative from March 5, 2013 to August 19, 2016, and he had been registered with the Arizona Corporation Commission as a securities salesman from January 18, 2002 to December 31, 2014. FINRA issued an Order Accepting Offer of Settlement ("FINRA Order") on July 19, 2016. The FINRA Order imposed on Mr. Gladden a 12-month suspension from association with any FINRA member in any capacity and a \$15,000 fine.

Under A.R.S. § 44-1962(A)(10), Mr. Gladden's 12-month suspension by FINRA is grounds for revocation of his securities salesman registration with the Arizona Corporation Commission. Under A.R.S. § 44-3201(A)(10), Mr. Gladden's 12-month suspension by FINRA is grounds for revocation of his investment adviser representative license with the Arizona Corporation Commission.

The proposed Order of Revocation revokes Mr. Gladden's registration as a securities salesman and license as an investment adviser representative with the Arizona Corporation Commission.

The Securities Division believes that the Order of Revocation is appropriate to protect the public welfare.

Originator: Ed Hannsz

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 TOM FORESE - Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

7 In the matter of)
8 J. Randall Gladden (CRD #1789356),) DOCKET NO. S-20998A-16-0478
9 Respondent.) DECISION NO. _____
10) **ORDER OF REVOCATION**
11)

12 On December 23, 2016, the Securities Division (“Division”) of the Arizona Corporation
13 Commission (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order
14 of Revocation (the “Notice”) against J. Randall Gladden (“Respondent”).

15 On December 30, 2016, the Division served a copy of the Notice upon Respondent by mailing
16 to Respondent a copy of the Notice via USPS certified mail, receipt and signature required.
17 Respondent signed and printed his name on the receipt. Respondent failed to request an
18 administrative hearing within ten days after receipt of the Notice, pursuant to A.R.S. § 44-1972,
19 A.R.S. § 44-3212, and A.A.C. Rule R14-4-306. Respondent failed to file an Answer within 30 days
20 of service of the Notice, pursuant to A.A.C. Rule R14-4-305.

21 **I.**

22 **FINDINGS OF FACT**

- 23 1. At all times material to this matter, Respondent has been a resident of California.
24 2. From on or about March 5, 2013 through August 19, 2016, Respondent was a licensed
25 investment adviser representative with the Commission in association with the investment adviser Lord
26 & Gladden, Inc. (CRD #115679) (*hereinafter* “Lord & Gladden”).

1 3. On or about August 19, 2016, Lord & Gladden filed a Uniform Termination Notice for
2 Securities Industry Registration, Form U5 ("Form U5") that terminated Respondent's investment
3 adviser representative license with the Commission. The Form U5 states Respondent was permitted to
4 resign and provided a comment that the resignation was due to a "request to surrender by the State of
5 California due to suspension by FINRA."

6 4. From on or about January 18, 2002 through December 31, 2014, Respondent was a
7 registered securities salesman with the Commission in association with registered dealer Securities
8 Equity Group (CRD #47215) ("SEG").

9 5. From on or about January 18, 2002 through March 15, 2016, Respondent was a
10 registered agent (also called a registered representative) with FINRA and associated with the registered
11 dealer SEG.

12 6. On or about March 15, 2016, SEG filed a Form U5 Full Termination terminating
13 Respondent's association with SEG and terminating Respondent's registrations with FINRA. SEG listed
14 the Reason for Termination on Form U5 as "Permitted to Resign," and SEG disclosed a Termination
15 Explanation on Form U5 with a reference to FINRA Complaint #2014038996201.

16 7. On or about December 28, 2015 FINRA's Department of Enforcement filed a
17 Complaint with the FINRA Office of Hearing Officers alleging that Respondent solicited his clients
18 to invest over \$2.1 million in a church financing business controlled by Respondent that was not
19 disclosed to and not approved by his FINRA-member broker-dealer, SEG, which violated FINRA
20 rules.

21 8. On or about July 19, 2016, FINRA's Office of Hearing Officers issued a final Order
22 Accepting Offer of Settlement (the "FINRA Order") approving a settlement of the alleged rule
23 violations between FINRA's Department of Enforcement and Respondent. The FINRA Order
24 imposed a 12-month suspension from association with any FINRA member in any capacity and a
25 \$15,000 fine upon Respondent.

1 9. The suspension of Respondent's association with any FINRA member in any capacity
2 will run from August 1, 2016 to July 31, 2017.

3 10. Respondent is not currently registered or licensed with FINRA or the Commission.

4 11. Notwithstanding that Respondent is not currently registered or licensed with the
5 Commission, under A.R.S. §§ 44-1963(D) and 44-3202(D) Respondent continues to be subject to the
6 Commission's jurisdiction for two years after the termination of his registration or licensure for the
7 purpose of denying, suspending or revoking his registration or licensure in connection with conduct that
8 began before the termination of his registration or licensure.

9 **II.**

10 **CONCLUSIONS OF LAW**

11 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
12 Arizona Constitution, the IM Act and the Securities Act.

13 2. Notwithstanding that Respondent is not currently registered or licensed with the
14 Commission, under A.R.S. §§ 44-1963(D) and 44-3202(D) Respondent continues to be subject to the
15 Commission's jurisdiction for two years after the termination of his registration or licensure for the
16 purpose of denying, suspending or revoking his registration or licensure in connection with conduct that
17 began before the termination of his registration or licensure.

18 3. FINRA's 12-month suspension of Respondent's FINRA membership is grounds to
19 revoke Respondent's registration as a securities salesman with the Commission pursuant to A.R.S. § 44-
20 1962.

21 4. Specifically, Respondent is subject to an order of an SRO suspending membership as a
22 broker or dealer in securities for at least six months within the meaning of A.R.S. § 44-1962(A)(8).

23 5. FINRA's 12-month suspension of Respondent's FINRA membership is grounds to
24 revoke Respondent's license as an investment adviser representative with the Commission pursuant to
25 A.R.S. § 44-3201.

26

6. Specifically, revocation of Respondent's license would be in the public interest, and Respondent is subject to an order of an SRO suspending membership as a broker or dealer in securities for at least six months within the meaning of A.R.S. § 44-3201(A)(10).

III.
ORDER

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-1962, that Respondent's registration as a securities salesman is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent's license as an investment adviser representative is revoked.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN FORESE

COMMISSIONER DUNN

COMMISSIONER TOBIN

COMMISSIONER LITTLE

COMMISSIONER BURNS

IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2017.

TED VOGT
EXECUTIVE DIRECTOR

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DISSENT

DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

(ERH)

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 TOM FORESE – Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

8 In the matter of:

9 J. Randall Gladden (CRD #1789356),

10 Respondent.

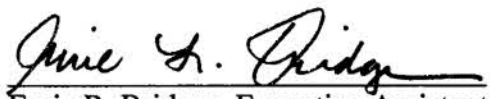
DOCKET NO. S-20998A-16-0478

**CERTIFICATION OF SERVICE OF
PROPOSED OPEN MEETING AGENDA
ITEM**

11 On this 28th day of February, 2017, the foregoing document was filed with Docket Control as
12 a Securities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on
13 behalf of the Securities Division to the following who have not consented to email service. On this
14 date or as soon as possible thereafter, the Commission's eDocket program will automatically email
15 a link to the foregoing to the following who have consented to email service.

16 John Randall Gladden
17 10155 Vivara Dr.
18 La Mesa, CA 91941
19 Respondent

20
21 By:


22 Emie R. Bridges, Executive Assistant