

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

GunnAllen Financial, Inc. (CRD # 17609),  
David L. Adler (CRD # 1592),  
Lon E. Kepple (CRD # 847350), and  
Stephen I. Saunders IV (CRD # 2873747),

Respondents.

ODS File No. 09-007

**NOTICE OF SERVICE ON THE ADMINISTRATOR**  
**AND**  
**AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA    )  
                                  )  
                                  )        ss.  
COUNTY OF OKLAHOMA )

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (“Administrator”).
2. That a copy of the Notice of Opportunity for Hearing (“Notice”) with Enforcement Division Recommendation (“Recommendation”) attached was delivered to Affiant in the office of the Administrator pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004).
3. That the Administrator has received service of process on behalf of Respondents, pursuant to Section 1-611 of the Act.
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 20th day of November, 2008, by certified mail, return receipt requested, delivery restricted to addressee, to the last known addresses of Respondents, in compliance with Section 1-611 of the Act.
5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 20th day of November, 2008.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 20th day of November, 2008.



Brenda London  
Notary Public

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**NOTICE OF OPPORTUNITY FOR HEARING**

1. Pursuant to the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), an investigation was conducted into the activities of GunnAllen Financial, Inc. (“GunnAllen”), David L. Adler (“Adler”), Lon E. Kepple (“Kepple”), and Stephen I. Saunders IV (“Saunders”) (collectively, “Respondents”), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 19th day of November, 2008, the attached Enforcement Division Recommendation (“Recommendation”) was left in the office of the Administrator of the Oklahoma Department of Securities (“Administrator”).

3. Pursuant to 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (as amended July 1, 2007) (“Rules”) and Section 1-411 of the Act, the Administrator hereby gives notice to Respondents of their obligation to file an answer and their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The answer must be in writing and received by the Administrator within fifteen (15) days after service of this Notice. As required by 660:2-9-2 of the Rules, the answer shall indicate whether Respondents request a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondents do not have, and are unable to obtain, sufficient information to admit or deny each allegation.

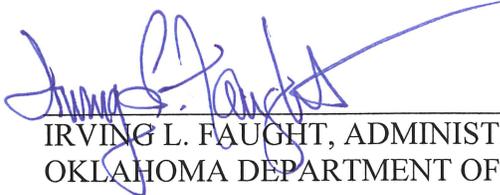
5. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order imposing civil penalties against Adler, Kepple, and Saunders in the amount of \$5,000 each and against GunnAllen in the amount of \$15,000, and requiring Respondents to pay the costs of the investigation, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on the Recommendation shall be promptly scheduled or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than forty-five (45) days in advance thereof, pursuant to 660:2-9-2 of the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 20th day of November, 2008.

(SEAL)



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IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 20th day of November, 2008, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing and Enforcement Division Recommendation* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

David H. Jarvis  
General Counsel  
GunnAllen Financial, Inc.  
5002 W. Waters Ave.  
Tampa, FL 33634

David L. Adler  
573 Declaration Lane  
Aurora, IL 60502

Lon E. Kepple  
330 SW Washington Ave., Ste. 101  
Peoria, IL 61602

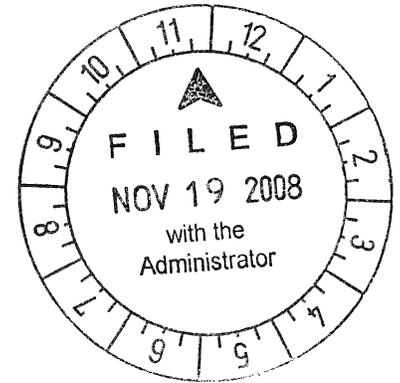
Stephen I. Saunders IV  
5002 W. Waters Ave.  
Tampa, FL 33634



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Brenda London, Paralegal

**STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
THE FIRST NATIONAL CENTER  
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In the Matter of:

GunnAllen Financial, Inc. (CRD # 17609),  
David L. Adler (CRD # 1592),  
Lon E. Kepple (CRD # 847350), and  
Stephen I. Saunders IV (CRD # 2873747),

Respondents.

ODS File No. 09-007

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2004), the Enforcement Division of the Oklahoma Department of Securities (“Department”) conducted an investigation into the activities of GunnAllen Financial, Inc. (“GunnAllen”), David L. Adler (“Adler”), Lon E. Kepple (“Kepple”), and Stephen I. Saunders IV (“Saunders”) (collectively, “Respondents”), in connection with the offer and/or sale of securities in and/or from Oklahoma. Based thereon, the Enforcement Division submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department (“Administrator”) in support of sanctions against Respondents.

**Findings of Fact**

1. GunnAllen is, and has been at all times material hereto, a broker-dealer registered under the Act. GunnAllen’s main office is located in Tampa, Florida.
2. Adler became registered under the Act as an agent of GunnAllen on October 19, 2005, and remains registered as such. Adler operates from a GunnAllen branch office in Aurora, Illinois.
3. Kepple became registered under the Act as an agent of GunnAllen on October 11, 2005, and remains registered as such. At all times material hereto, Kepple was registered as a General Securities Principal with FINRA (formerly known as, “NASD”) and was the designated supervisor of Adler. Kepple operates from an office of supervisory jurisdiction in Peoria, Illinois.
4. Saunders was registered under the Act as an agent of GunnAllen from December 7, 2004, until April 11, 2007. At all times material hereto, Saunders was registered as a General Securities Principal with FINRA. Saunders operates from GunnAllen’s main office.

5. In September 2005, Adler offered and sold one Class B membership interest in GunnAllen Ventures Partners X, LLC, to an Oklahoma resident (“Transaction”).

6. Adler was not registered in any capacity under the Act at the time of the Transaction.

7. Kepple and Saunders approved certain documents involved in the Transaction.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

### **Authorities**

1. Section 1-402 of the Act provides, in pertinent part:

A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

B. The following individuals are exempt from the registration requirement of subsection A of this section:

1. An individual who represents a broker-dealer in effecting transactions in this state limited to those described in Section 15(h)(2) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78o(h)(2));

2. An individual who represents a broker-dealer that is exempt under subsection B or D of Section 18 of this act [Section 1-401 of this title];

3. An individual who represents an issuer with respect to an offer or sale of the issuer’s own securities or those of the issuer’s parent or any of the issuer’s subsidiaries to existing employees, partners, members or directors of the issuer or the issuer’s parent or any of the issuer’s subsidiaries, and who is not compensated in connection with the individual’s participation by the payment of commissions or other remuneration based, directly or indirectly, on transactions in those securities;

4. An individual who represents an issuer and who effects transactions in the issuer’s securities exempted by Section 7 of this act [Section 1-202 of this title], other than paragraphs 11 and 14 of Section 7 of this act [Section 1-202 of this title];

5. An individual who represents an issuer who effects transactions solely in federal covered securities of the issuer, but an individual who effects transactions in a federal covered security under Section 18(b)(3) or 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(3) or 77r(b)(4)(D)) is not exempt if the individual is compensated in connection with the agent's participation by the payment of commissions or other remuneration based, directly or indirectly, on transactions in those securities;

6. An individual who represents a broker-dealer registered in this state under subsection A of Section 18 of this act [Section 1-401 of this title] or exempt under subsection B of Section 18 of this act [Section 1-401 of this title] in the offer and sale of securities for an account of a nonaffiliated federal covered investment adviser with investments under management in excess of One Hundred Million Dollars (\$100,000,000.00) acting for the account of others pursuant to discretionary authority in a signed record;

7. An individual who represents an issuer in connection with the purchase of the issuer's own securities;

8. An individual who represents an issuer and who restricts participation to performing ministerial or clerical work; or

9. Any other individual exempted by rule adopted or order issued under this act.

\* \* \*

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section or exempt from registration under subsection B of this section.

2. Rule 660:11-5-42(b)(22) provides, in pertinent part:

(a) **Purpose.** This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of

broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

**(b) Standards.**

\* \* \*

(22) The following standards shall apply to supervisory procedures:

(A) Each broker-dealer shall establish, maintain and enforce written procedures which will enable it to supervise properly the activities of each registered agent and associated person to assure compliance with applicable securities laws, rules, regulations and statements of policy promulgated by the Administrator and/or the Commission under the Securities Act.

(B) Final responsibility for proper supervision shall rest with the broker-dealer, the principal(s) of the broker-dealer registered in accordance with 660:11-5-11, and the principal(s) of the broker-dealer in each OSJ, including the main office, and the registered representatives in each non-OSJ branch office designated by the broker-dealer to carry out the supervisory responsibilities assigned to that office by the broker-dealer pursuant to the rules and regulations of the NASD. A copy of the written supervisory procedures shall be kept in each office of supervisory jurisdiction and each non-OSJ branch office.

(C) Each broker-dealer shall be responsible for keeping and preserving appropriate records for carrying out such broker-dealer's supervisory procedures. Each broker-dealer shall review and endorse in writing, on an internal record, all transactions and all correspondence of its registered agents pertaining to the solicitation or execution of any securities transaction.

3. Section 1-411 of the Act provides, in pertinent part:

C. If the Administrator finds that the order is in the public interest and paragraphs 1 through 6, 8, 9, 10, 12 or 13 of subsection D of this section authorizes the action, an order under this act may censure, impose a bar, impose a civil penalty in an amount not to exceed a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations on a registrant, and/or recover the costs of the investigation from a registrant and if the registrant is a broker-dealer or investment adviser, from any partner, officer, or director, any person having a similar function or any person directly or indirectly controlling the broker-dealer or investment adviser.

D. A person may be disciplined under subsections A through C of this section if the person:

\* \* \*

2. Has willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten (10) years;

\* \* \*

9. Has failed to reasonably supervise an agent, investment adviser representative, or other individual, if the agent, investment adviser representative, or other individual was subject to the person's supervision and committed a violation of this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten (10) years[.]

#### **Conclusions of Law**

1. Adler transacted business as an unregistered agent in Oklahoma, in violation of Section 1-402 of the Act.

2. GunnAllen unlawfully associated with an unregistered agent who transacted business in this state on behalf of GunnAllen, in violation of Section 1-402 of the Act.

4. GunnAllen, Kepple, and Saunders failed to reasonably supervise Adler, in violation of Section 1-411.D.9 of the Act and 660:11-5-42(b)(22) of the Rules.

4. The Administrator is authorized to impose sanctions against Respondents pursuant to Section 1-411 of the Act.

5. It is in the public interest for the Administrator to impose sanctions against Respondents.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator issue an order imposing civil penalties against Adler, Kepple, and Saunders in the amount of \$5,000 each and against GunnAllen in the amount of \$15,000, requiring Respondents to pay the costs of this investigation, and imposing such other sanctions as appropriate and authorized by law.

Dated this 19<sup>th</sup> day of November, 2008.

Respectfully submitted,

*Terra Shamas Bonnell*

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