

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333

IN RE
Acument Securities, Inc. and William M. McCarty

NOTICE OF INTENT
TO ISSUE A CEASE AND
DESIST ORDER AND TO
IMPOSE A CIVIL
PENALTY AGAINST
MCCARTY AND TO BAR
MCCARTY FROM
ASSOCIATION, AND TO
REVOKE THE BROKER-
DEALER LICENSE OF
ACUMENT, AND TO
IMPOSE A CIVIL
PENALTY UPON
ACUMENT

ALLEGATIONS

1. Acument Securities, Inc. ("Acument") (CRD #7661)¹ is a corporation incorporated pursuant to the laws of California and has its principal place of business in San Francisco, California.
2. William M. McCarty ("McCarty") (CRD #501481) was at all material times an employee and sales representative of Acument whose last known residence was in San Francisco, California.
3. On or about April 20, 1999, Acument submitted an application to the Office of Securities² for the State of Maine ("Office of Securities") for McCarty to be licensed as a sales representative in Maine.
4. By letter dated May 17, 1999, Acument informed the Office of Securities that McCarty did not wish to pursue licensing in Maine. Acument enclosed a copy of

¹ Prior to September 7, 2001, Acument Securities, Inc. was known as Thomas F. White & Co., Inc.

² On September 21, 2001, the name of the Department of Professional and Financial Regulation, Bureau of Banking, Securities Division, was changed to the Department of Professional and Financial Regulation, Office of Securities.

a Form U-5, Uniform Termination Notice for Securities Industry Registration, with its letter indicating the termination of McCarty's application for licensing in Maine. McCarty's application for licensing in Maine was terminated without registration on May 18, 1999.

5. On or about July 23, 2000, Acument submitted an application to the Office of Securities for McCarty to be licensed as a sales representative in Maine.
6. The Office of Securities licensed McCarty as a sales representative with Acument in Maine effective October 25, 2000.
7. Commencing on April 8, 1999, McCarty transacted business as a sales representative on at least 18 occasions prior to October 25, 2000, for two Southport, Maine, residents.
8. Commencing on July 20, 1999, McCarty transacted business as a sales representative on at least 29 occasions prior to October 25, 2000, for another Southport, Maine, resident.
9. Commencing on November 2, 1999, McCarty transacted business as a sales representative on at least 12 occasions prior to October 25, 2000, for two Brunswick, Maine, residents.
10. Commencing on December 1, 1999, McCarty transacted business as a sales representative on at least 24 occasions prior to October 25, 2000, for two Bristol, Maine, residents.
11. Commencing on August 7, 2000, McCarty transacted business as a sales representative on at least 2 occasions prior to October 25, 2000, for another Brunswick, Maine, resident.
12. Commencing on August 9, 2000, McCarty transacted business as a sales representative on at least 1 occasion prior to October 25, 2000 for another Brunswick, Maine, resident.
13. Commencing in or about August, 2000, McCarty transacted business as a sales representative on at least 4 occasions prior to October 25, 2000 for another Brunswick, Maine, resident.
14. Prior to being licensed as a sales representative in Maine, McCarty caused at least 4 Maine residents with whom he was transacting business to use McCarty's residential address as their mailing address.
15. It is unlawful for any person to transact business in the State of Maine as a sales representative unless licensed or exempt from licensing pursuant to 32 M.R.S.A. § 10301(1).

16. According to the records of the Office of Securities, McCarty was not licensed to transact business in the State of Maine as a sales representative before October 25, 2000, and the Office of Securities is not aware of any exemption from licensing for which McCarty might have qualified.
17. McCarty transacted business as an unlicensed sales representative in the State of Maine on at least 90 occasions in violation of 32 M.R.S.A. § 10301(1) when he purchased and sold securities on behalf of Maine residents prior to October 25, 2000.
18. When McCarty violated 32 M.R.S.A. § 10301(1), he engaged in unlawful, unethical or dishonest conduct or practice in the securities business, pursuant to 32 M.R.S.A. § 10313(1)(G).
19. When McCarty caused Maine residents to use his residential address as a mailing address prior to being licensed as a sales representative in Maine, he engaged in unlawful, unethical or dishonest conduct or practice in the securities business, pursuant to 32 M.R.S.A. § 10313(1)(G) and intentionally and knowingly violated 32 M.R.S.A. § 10301(1).
20. It is unlawful for any broker-dealer to employ a person as a sales representative in the State of Maine unless the sales representative is licensed or exempt from licensing, pursuant to 32 M.R.S.A. § 10301(2).
21. When Acument employed McCarty as a sales representative in the State of Maine prior to October 25, 2000, it violated 32 M.R.S.A. § 10301(2).
22. When Acument violated 32 M.R.S.A. § 10301(2), it engaged in unlawful, unethical or dishonest conduct or practice in the securities business, pursuant to 32 M.R.S.A. § 10313(1)(G).
23. When Acument allowed McCarty to transact business as an unlicensed sales representative in the State of Maine prior to October 25, 2000, it failed reasonably to supervise him, pursuant to 32 M.R.S.A. § 10313(1)(J).
24. Pursuant to 32 M.R.S.A. § 10602(1)(A), the Administrator may, after notice and opportunity for hearing, issue a cease and desist order against any person if the Administrator reasonably believes that the person has engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule or order of the Act.
25. Pursuant to 32 M.R.S.A. § 10313(1)(G), the Administrator may, after notice and opportunity for hearing, by order, revoke any license if the Administrator finds that the order is in the public interest and that the licensee has engaged in any unlawful, unethical or dishonest conduct or practice in the securities business.

26. Pursuant to 32 M.R.S.A. § 10313(1)(J), the Administrator may, after notice and opportunity for hearing, by order, revoke any license, if the Administrator finds that the order is in the public interest and that the broker-dealer has failed to reasonably supervise any of its sales representatives.
27. Pursuant to 32 M.R.S.A. § 10602(1)(C), the Administrator may, after notice and opportunity for hearing, by order, bar any person from association with an issuer, broker-dealer or investment adviser in Maine, if the Administrator reasonably believes that the person has engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule or order of the Act.
28. Pursuant to 32 M.R.S.A. § 10602(1)(E), the Administrator may, after notice and opportunity for hearing, by order, impose a civil penalty that may not exceed \$1,500 for a single violation, if the Administrator reasonably believes that a person has engaged in any act or practice constituting a violation of any provision of the Revised Maine Securities Act.

NOTICE

Pursuant to 32 M.R.S.A. §10708(6), notice is hereby given that the Securities Administrator intends to issue an Order to Cease and Desist, pursuant to 32 M.R.S.A. § 10602, to prohibit further violations of the Revised Maine Securities Act against William M. McCarty.

Pursuant to 32 M.R.S.A. §10708(6), notice is hereby given that the Securities Administrator intends to issue an Order, pursuant to 32 M.R.S.A. § 10313, against Acument Securities, Inc. to Revoke its broker-dealer license.

Pursuant to 32 M.R.S.A. §10708(6), notice is hereby given that the Securities Administrator intends to issue an Order, pursuant to 32 M.R.S.A. § 10602, against Acument Securities, Inc. and William M. McCarty to impose a civil penalty of \$135,000 upon them based upon McCarty having effected at least 90 unlicensed transactions in Maine.

Pursuant to 32 M.R.S.A. § 10708(6), notice is hereby given that the Securities Administrator intends to issue an Order, pursuant to 32 M.R.S.A. § 10602(1)(C), against William M. McCarty to Bar him from association with any issuer, broker-dealer or investment adviser in the State of Maine.

Pursuant to 32 M.R.S.A. § 10708(2), Acument and McCarty have thirty (30) calendar days from the entry of this Notice of Intent to file a written request for a hearing.

Date: June 24, 2002

Christine A. Bruenn
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Securities Administrator