

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF
ROBERT E. BRAGG

Case No. S-09-059
Order No. S-09-059-10-0003

CONSENT ORDER

This consent order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, (Act), the Rules of the Arkansas Securities Commissioner promulgated under the Act (Rules), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department (Staff) and Robert E. Bragg (Bragg), in full settlement of all claims that could be brought against Bragg by the Staff.

Bragg admits the jurisdiction of the Act and the Arkansas Securities Commissioner (Commissioner), waives his right to a formal hearing and, without admitting or denying the findings or Staff allegations made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. Carr Miller Capital, LLC (CMC) is a New Jersey limited liability company. Its address listed on certificate of formation is 7 Norrsken Drive, Marlton, New Jersey 08053. CMC is not registered in accordance with the Act in any way.
2. Carr Miller Capital Investments, LLC, CRD No. 141999, (CMI) is a state-regulated investment adviser firm based in New Jersey. Its main office is located at Chatham Executive Center, First Floor, 26 Main Street, Chatham, New Jersey 07928. It also had

offices in New York, New York, Friendswood, Texas, and Little Rock, Arkansas. Its Little Rock office was located at 650 Shackleford Road, Suite 325. It was registered with the Arkansas Securities Department (Department) as an investment adviser from December 17, 2008, until it withdrew its registration, effective on October 29, 2009. According to CMI's filings with the CRD¹, it was formerly known as Carr Miller Capital, LLC, and it presently also uses the name, Carr Miller Investments. Carr Miller Investments is found on the business cards of many of the agents located in the Little Rock office and on some other identifying items.

3. Bragg, CRD No. 4663116, was a registered investment adviser representative of CMI from January 2, 2009, when he registered with the Department as an agent of CMI, until CMI withdrew its registration in Arkansas on October 29, 2009. Bragg has not been registered with the Department in any capacity since then. He is registered with the Arkansas Insurance Department (AID) as a resident producer insurance agent. He is also a vice president of Allied Wealth Management, Inc. (AWM), a company owned by Samuel C. Talbert, an Arkansas resident also registered with the AID as a resident producer insurance agent, but not registered in any capacity with the Department. AWM's address is 650 Shackleford Road, Suite 325, Little Rock, Arkansas 72211, the same as CMI's Little Rock address.
4. Bragg, along with Talbert and one other individual were employed as managing directors of the Little Rock office of CMI.

¹Central Registration Depository, the electronic registration system set up and run by the Financial Industry Regulatory Agency (FINRA) for the securities industry in North America.

SALE OF COMMERCIAL NOTES

5. In August 2009, the Staff opened an investigation of the Respondent, CMC, CMI and other persons associated with them. Records recovered in an on-site examination of CMI offices reveal that Bragg sold instruments that appear to be promissory notes entitled Commercial Notes (Notes) to three investors for a total of \$505,163. They were for a term of nine months. The details of each Note can be summarized as follows:

INVESTOR	DATE	AMOUNT	TERM	RATE
AR3	4/20/09	200,000.00	9 Months	8%
AR6	7/15/09	12,041.00	9 Months	8%
AR7	7/15/09	293,122.00	9 Months	8%

6. Before investors purchased the notes, they were required to certify that they were accredited investors, a term defined by federal law in Rule 501(a) of Regulation D, 17 C.F.R. §230-501(a) promulgated under the Securities Act of 1933. In a document produced by CMI and found by the Staff during its examination entitled Executive Summary, the broad purpose of the Notes was disclosed as follows:

Opportunities are available in any market; however, the current economy creates even more opportunities than usual. Carr Miller is positioned to take advantage of these opportunities by creating an 'Opportunity Pool'. Carr Miller builds this fund by borrowing money from private individuals and companies and then take advantage of these investment opportunities. Carr Miller maintains diversity by investing in unrelated types of industries. Our firm has created proprietary internal Funds to accomplish these goals.

7. According to the Executive Summary, CMC would invest in a virtually unlimited number and type of investments to make the return of 8% interest over a nine month period. As an example of the types of investments and investment vehicles it used, the Executive Summary

described four investment funds formed by CMC into which the funds used to purchase the Notes could be invested to produce the promised return.

8. In regard to the Notes, a search of the records of the Department reflects no registration, no proof of exemption from the registration provisions of the Act and no notice filing filed in the case of a covered security under federal law in accordance with Ark. Code Ann. § 23-42-509.
9. Bragg received commissions for the sale of these notes. These commissions were to be paid out in installments to Bragg over a period of one year. Bragg received but one payment for \$904.62 on July 20, 2009. He has since returned these commissions to the investors from whose investments they were derived.

APPLICABLE LAW

10. Ark. Code Ann. § 23-42-102(15)(A)(xi) defines a security as an investment contract.
11. Ark. Code Ann. § 23-42-102(15)(A)(i) defines a security as a note.
12. Ark. Code Ann. § 23-42-105(15)(A)(vi) defines a security as an evidence of indebtedness.
13. Ark. Code Ann. § 23-42-102(15)(A)(vii) defines a security as a certificate of interest or participation in any profit-sharing agreement.
14. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security which is not registered or which is not exempt from registration under the terms of the Act or federal law.
15. Ark. Code Ann. § 23-42-102(2) defines broker-dealer as any person engaged in the

business of effecting transactions in securities for the account of others.

16. Ark. Code Ann. § 23-42-102(1)(A) defines agent as any individual who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities.
17. Ark. Code Ann. § 23-42-301(a) provides that it is unlawful for any person to transact business in this state as a broker-dealer or an agent of a broker-dealer unless he is registered as such pursuant to the Act.

CONCLUSIONS OF LAW

18. The investments made herein and referred to as Notes were investment contracts, a type of security listed at Ark. Code Ann. § 23-42-102(15)(A)(xi). An investment contract is the investment of money into the risk capital of a common enterprise or venture with the expectation of benefit or profit with no effective control over the venture. According to the Executive Summary discussed in paragraphs 6 and 7, these notes represented the investment of money into an investment pool to be managed by CMC. The investment pool would be invested into a variety of businesses. The investors would be totally without control over this pool and its use and totally dependent on the efforts of others, specifically those of CMC.
19. The investments referred to as Notes were evidenced by promissory notes, as set out in paragraph 6, each promising varying rates of return. These were both notes and evidences of indebtedness, both of which are types of securities as defined by Ark. Code Ann. §§ 23-42-102(15)(A)(i) and (vi), respectively.
20. A search of the records of the Department reveals neither a registration for the Notes, or a

proof of exemption for them. Further, the records of the Department do not reveal a notice filing pursuant to Ark. Code Ann. § 23-42-509, which is necessary in the case of covered securities under federal law, and these notes do not fit within the definition of covered securities under federal law.

21. The facts set out above in paragraphs 5-9 show that in regard to the Notes Bragg offered and sold unregistered securities in violation of Ark. Code Ann. § 23-42-501.
22. The facts set out above in paragraphs 5-9 show that in regard to the Notes Bragg effected transactions in securities for the account of others. As noted earlier in paragraphs 1-3, Bragg was not registered in accordance with the Act as a broker-dealer or as an agent of a broker-dealer. Therefore, he acted as an unregistered broker-dealer or an unregistered agent of a broker-dealer in violation of Ark. Code Ann. § 23-42-301(a).

UNDERTAKING

In settlement of this matter, Bragg, without admitting or denying any of the findings or Staff allegations made above, agrees with the Staff to:

1. Cease all activities effecting transactions in securities for the account of others unless and until he becomes registered with the Department pursuant to the Act as an agent of a registered broker-dealer which is:
 - a. Approved by the Staff and
 - b. Has agreed to on-site, heightened supervision of Bragg for a period of one year, including at least monthly reviews by a senior representative of the company to review and ensure compliance with the Arkansas Securities Act and Rules of the

Arkansas Securities Commissioner promulgated under the Act; and

2. Cease all activities involving advice to buy or sell securities unless and until he becomes registered with the Department pursuant to the Act as a representative of a registered investment adviser which is:
 - a. Approved by the Staff and
 - b. Has agreed to on-site, heightened supervision of Bragg for a period of one year, including at least monthly reviews by a senior representative of the company to review and ensure compliance with the Arkansas Securities Act and Rules of the Arkansas Securities Commissioner promulgated under the Act; and
3. Continue to cooperate fully in the Staff's investigation of CMC and CMI and all persons related thereto and cooperate fully in any action that the Staff might bring in connection with that investigation, including providing truthful testimony if needed.

OPINION

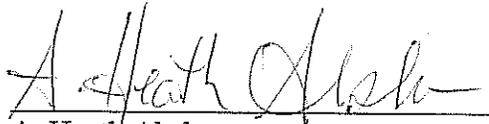
The facts set out in paragraphs 1-9 support the conclusions of law set out in paragraphs 18-22. Because it is beneficial to members of the public that those who effect transactions in securities in the accounts of others as either broker-dealers or agents of broker-dealers and those who act as investment advisers by recommending the purchase or sale of securities and giving advice as to the value of securities have the training necessary to be registered with the Department as broker-dealers, agents of broker-dealers or investment advisers, this order is in the public interest.

ORDER

IT IS THEREFORE ORDERED that Robert E. Bragg shall:

1. Cease and desist from all activities in violation of Ark. Code Ann. § 23-42-501 and refrain from selling any security in Arkansas unless such security is registered under the Act, exempt from registration, or a covered security; and
2. Cease and desist from all activities in violation of Ark. Code Ann. § 23-42-301(a) and refrain from effecting transactions in securities for the account of others until such time as he becomes registered with the Department in accordance with the undertaking set out above; and
3. Comply with all undertakings set forth in this Order.

WITNESS MY HAND AND SEAL this 29th day of July, 2010.



A. Heath Abshire
ARKANSAS SECURITIES COMMISSIONER

CONSENT TO ENTRY OF ORDER

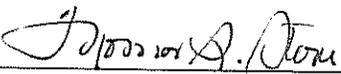
Robert E. Bragg hereby acknowledges that he has been served a copy of this Order, has read the foregoing, is aware of his right to a hearing and appeal in this matter, and has waived same.

DATED this 29 day of July, 2010.



Robert E. Bragg

Approved by:



Thomas S. Stone Signed this 29th day of July, 2010.
Attorney for Robert E. Bragg