

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

James Glenn Tallant
[CRD No. 1726582],

Respondent.

DISCIPLINARY PROCEEDING
No. 2010024050501

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From January or February 2009 through March 2010, Respondent James Glenn Tallant exercised discretionary trading authority without written authorization in four securities accounts of customer SH, in violation of NASD Conduct Rule 2510(b) and FINRA Rule 2010. In addition, from January or February 2009 through March 2010, Tallant engaged in a course of trading in four securities accounts of customer SH that were excessive and quantitatively unsuitable, in violation of NASD Conduct Rule 2310 and IM-2310-2, and FINRA Rule 2010. Furthermore, from January or February 2009 through March 2010, Tallant engaged in a course of trading in four securities accounts of customer SH that constituted churning in willful violation of Section 10(b) of the Securities Exchange Act of 1935 (the "Exchange Act"), Securities and Exchange Commission (SEC) Rule 10b-5, and FINRA Rules 2020 and 2010.

RESPONDENT AND JURISDICTION

2. In 1989, Respondent Tallant became a registered representative of a FINRA member firm. Respondent Tallant, during all periods mentioned herein, was associated with member firm Morgan Stanley Smith Barney ("Morgan Stanley") and was registered with FINRA under Article V of the By-Laws as a registered representative. Respondent remains registered with Morgan Stanley. Accordingly, Respondent Tallant remains subject to FINRA's jurisdiction for purposes of this proceeding.

FACTUAL BACKGROUND

3. At the time she opened the accounts discussed in this Complaint, Firm customer SH was 49 years old, divorced, with two children. While she attended college, she did not graduate. She owned and operated a women's boutique clothing store. Her annual income was approximately \$140,000, her estimated net worth was approximately \$300,000, and her estimated liquid net worth was approximately \$200,000.
4. Firm customer SH transferred her four accounts to Tallant at Morgan Stanley between the end of January and beginning of February, 2009. The four accounts consisted of SH's individual and IRA accounts and two custodial accounts for her children, WH and KH.¹
5. All four accounts were commission based.
6. SH had known Tallant since they were teenagers in high school or junior high school, and transferred the accounts to him, in part, due to their pre-existing friendship.

¹ Tallant interacted with SH directly with respect to both her individual and IRA account, as well as the two custodial accounts for her children, WH and KH. Tallant did not interact with the children with respect to their accounts. This Complaint treats SH as the customer for all four accounts because she administered the custodial accounts on her children's behalf.

7. SH's new account form identified her individual and IRA account investment objectives as having a primary objective of capital appreciation and a secondary objective of aggressive income. SH's new account form listed her annual income as \$140,000, her estimated net worth as \$300,000, and her estimated liquid net worth as \$200,000.
8. SH's custodial account for her son, WH, had a primary investment objective of capital appreciation and a secondary investment objective of income. WH's new account form listed his annual income as \$5,000, estimated net worth as \$30,000, and estimated liquid net worth as \$30,000.
9. SH's custodial account for her daughter, KH, had investment objectives of capital appreciation and income.² KH's new account form listed her annual income as \$8,000, estimated net worth as \$30,000, and estimated liquid net worth as \$30,000.
10. Between March 2009 and March 2010, Tallant executed 39 purchase and sale securities transactions in SH's individual account. Total purchases amounted to \$147,366.50. Total gross commissions equaled \$8,739.56. *See Appendix A, attached and incorporated by reference.*
11. Between March 2009 and March 2010, Tallant executed 33 purchase and sale securities transactions in SH's IRA account. Total purchases amounted to \$99,478.70. Total gross commissions equaled \$6,157.26. *See App. A, attached and incorporated by reference.*
12. Between February 2009 and March 2010, Tallant executed 56 purchase and sale securities transactions in WH's custodial account. Total purchases amounted to

² Aggressive income was also checked as an objective, but this appears to be in error.

\$206,943.32. Total gross commissions equaled \$12,251.72. *See App. A*, attached and incorporated by reference.

13. Between February 2009 and March 2010, Tallant executed 63 purchase and sale securities transactions in KH's custodial account. Total purchases amounted to \$261,189.31. Total gross commissions equaled \$14,728.00. *See App. A*, attached and incorporated by reference.
14. All transactions in all four accounts were primarily in equity securities until December 2009. At that time, all accounts, except for KH's custodial account, were invested in ING Value Choice A mutual fund.
15. Many of the trades across all four accounts evidenced hallmarks of "short term" or "in and out trading." Many of the stocks were purchased one month, only to be sold the next. Numerous trades also had short hold times.
16. In 2009, Tallant's total gross commissions were \$200,927.94, of which his net payout was 20%, or \$40,185.58. His 2009 gross commissions from SH's four accounts were \$41,864.56, of which his net payout was 20%, or \$8,560.44. Tallant's commissions from SH's accounts comprised approximately 21% of his total commissions for 2009.

FIRST CAUSE OF ACTION

NASD Conduct Rule 2510(b) and FINRA Rule 2010 (Exercising Discretion Without Written Authorization)

17. The Department realleges and incorporates by reference paragraphs 1 through 16 above.
18. During the period from January or February 2009 through March 2010, Tallant exercised discretion in the four accounts of Firm customer SH without written authorization from SH or acceptance of the accounts as discretionary by the Firm.

19. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2510(b) and FINRA Rule 2010 by Respondent Tallant.

SECOND CAUSE OF ACTION

NASD Conduct Rule 2310, IM-2310-2, and FINRA Rule 2010
(Quantitative Unsuitability)

20. The Department realleges and incorporates by reference paragraphs 1 through 19 above.
21. During the time period from January or February 2009 through March 2010, Respondent Tallant exercised actual control over SH's four accounts by engaging in discretionary trading without written authorization. Tallant also exercised *de facto* control because SH routinely followed Tallant's advice and was unable to evaluate Tallant's recommendations and to exercise independent judgment.
22. Tallant's trading was unsuitable and excessive in size and frequency in view of SH's financial situation and needs.
23. As a result of Tallant's unsuitable excessive trading, SH's four accounts incurred the following resulting annualized and unannualized turnover ratios for the relevant time period:

<u>Account</u>	<u>Turnover Ratio</u> <u>(Unannualized)</u>	<u>Turnover Ratio</u> <u>(Annualized)</u>
SH Individual Account	11.36	9.74
SH IRA Account	7.23	6.19
WH Custodial Account	9.14	7.83
KH Custodial Account	15.46	13.25

In other words, the total funds of each account were invested, sold, and reinvested on an unannualized basis of between 6.19 and 13.25 and an annualized basis of between 7.23 and 15.46.

24. For the relevant time period, the four accounts also incurred the following commission-to-equity ratios:

Account	Commission-to-Equity Ratio
SH Individual Account	67.36%
SH IRA Account	44.73%
WH Custodial Account	54.09%
KH Custodial Account	87.18%

In other words, SH's four accounts would have had to achieve an investment return of between 44.73% and 87.18% simply to break even on their investment.

25. SH's four accounts incurred the following losses during the relevant time period:

Account	Losses
SH Individual Account	\$5,924.46
SH IRA Account	*** ³
WH Custodial Account	\$6,941.64
KH Custodial Account	\$17,067.94

26. For the foregoing reasons, Tallant's transactions in each of SH's four accounts constituted excessive trading and were quantitatively unsuitable.
27. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2310, IM-2310-2, and FINRA Rule 2010 by Respondent Tallant.

THIRD CAUSE OF ACTION

10(b) of the Exchange Act, SEC Rule 10b-5 and FINRA Rules 2020 and 2010
(Churning)

28. The Department realleges and incorporates by reference paragraphs 1-27 above.
29. In the course of conduct described above, Respondent Tallant, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any

³ The SH IRA Account incurred a gain of \$2,624.78.

national securities exchange, knowingly or recklessly: employed devices, schemes or artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person; or effected transactions in, or induced the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance.

30. Respondent directed and controlled the transactions in SH's four accounts.
31. The number of transactions in SH's four accounts was excessive in light of SH's investment objectives and resulted in turnover and cost/commission-equity ratios exceeding those that create a presumption of churning.
32. Respondent controlled the transactions in SH's four accounts and executed or caused their execution by means of the instrumentalities of interstate commerce by executing the securities transactions on a national securities exchange.
33. Respondent executed or caused the execution of the securities transactions with an intent to defraud, in that he knew, or was reckless in failing to recognize, that the trading in SH's four accounts resulted in substantial commission income for him, but could not reasonably be expected to benefit SH.
34. By executing the transactions in SH's accounts, Respondent placed his own interests above the interests of SH.
35. The conduct herein constituted the use of manipulative or deceptive devices or contrivances in connection with the purchase and sale of securities by Respondent. As a result of the foregoing conduct, Respondent Tallant willfully violated Section 10(b) of

the Exchange Act, SEC Rule 10b-5 promulgated thereunder, and FINRA Rules 2020 and 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed, and that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- C. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent willfully violated Section 10(b) of the Exchange Act, SEC Rule 10b-5 promulgated thereunder and FINRA Rules 2020 and 2010.

FINRA DEPARTMENT OF ENFORCEMENT

Date: May 1, 2013



Sarah B. Belter, Esq.
Senior Regional Counsel
FINRA Department of Enforcement
Energy Centre
1100 Poydras Street, Suite 850
New Orleans, LA 70163-1108
Phone: 504-522-6527
Fax: 504-581-3699
sarah.belter@finra.org

David B. Klafter, Esq.
Regional Chief Counsel
Authorized House Counsel
Member of NY and NJ Bars Only
FINRA – Department of Enforcement
Crystal Corporate Center
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431-6324
(561) 443-8110; (561) 443-7998 (fax)
david.klafter@finra.org

APPENDIX A

SH's Individual Account

No.	Trade Date	Buy/Sell	Stock	Quantity	Price	Principal ¹	Commission/ Markup
1	3/20/09	Buy	ILL Tool Works, Inc.	350	27.7599	-\$9,983.94	\$262.72
2	3/27/09	Buy	Harley Davidson, Inc.	350	14.7300	-\$5,344.82	\$184.07
3	4/22/09	Sell	ILL Tool Works, Inc.	350	31.9100	\$10,868.95	\$294.01
4	4/22/09	Sell	Harley Davidson, Inc.	350	18.1672	\$6,140.61	\$212.49
5	4/22/09	Buy	Glimcher Realty TR SBI	2,400	2.9099	-\$7,214.10	\$225.09
6	4/22/09	Buy	General Maritime Corp New SHS	1,000	9.6696	-\$9,937.16	\$262.31
7	5/04/09	Sell	General Maritime Corp New SHS	1,000	11.9901	\$11,701.80	\$282.74
8	5/07/09	Buy	Coca Cola Co.	200	42.6980	-\$8,794.84	\$249.99
9	5/07/09	Buy	Rky Mnt Choc Factory New	450	6.6900	-\$3,142.10	\$126.35
10	5/15/09	Sell	Coca Cola Co.	200	44.7826	\$8,695.92	\$255.11
11	5/15/09	Sell	Rky Mnt Choc Factory New	450	8.4043	\$3,626.62	\$149.97
12	5/15/09	Buy	Proshares U/S DJ-AIG Crude Oil	400	26.0695	-\$10,708.72	\$275.67
13	6/09/09	Sell	Proshares U/S DJ-AIG Crude Oil	400	16.9605	\$6,579.66	\$199.11
14	6/12/09	Buy	Becton Dickinson & Co.	114	68.7200	-\$8,079.17	\$239.84
15	7/24/09	Sell	Glimcher Realty Tr SBI	2,400	3.1521	\$7,324.12	\$235.47
16	7/24/09	Sell	Becton Dickinson & Co.	114	71.2140	\$7,868.78	\$244.16
17	7/24/09	Buy	Houston Wire & Cable Co.	900	11.1684	-\$10,323.10	\$266.29
18	7/24/09	Buy	Harley Davidson, Inc.	200	21.7060	-\$4,511.31	\$164.86
19	8/14/09	Sell	Houston Wire & Cable Co.	900	10.9851	\$9,616.95	\$264.23
20	8/14/09	Sell	Harley Davidson, Inc.	200	22.6501	\$4,355.18	\$169.47
21	8/17/09	Buy	Schlumberger LTD	150	51.3880	-\$7,951.28	\$237.83
22	8/17/09	Buy	First Financial Bankshares Inc	125	50.6699	-\$6,550.95	\$211.96
23	8/24/09	Sell	Schlumberger LTD	150	57.8927	\$8,426.59	\$251.84
24	8/24/09	Buy	Crown Hldgs Inc. (Holding Co)	300 ²	25.9980	-\$8,043.94	\$239.39
25	9/17/09	Sell	Crown Hldgs Inc.	300	26.3720	\$7,665.09	\$241.05

¹ Amount includes commission.

² On Margin

			(Holding Co)				
26	9/17/09	Buy	Dell, Inc.	450 ³	16.9780	-\$7,882.07	\$236.72
27	9/22/09	Sell	First Financial Bankshares, Inc.	125	50.0001	\$6,044.94	\$199.65
28	9/22/09	Buy	Genworth Financial Inc. CL A	470	13.3699	-\$6,499.99	\$210.89
29	10/15/09	Sell	Dell, Inc.	450	15.3742	\$6,689.11	\$223.85
30	10/19/09	Sell	Genworth Financial Inc. CL A	470	11.0439	\$5,000.26	\$184.98
31	10/20/09	Buy	CMS Energy CP	400 ⁴	13.8760	-\$5,749.66	\$194.01
32	10/20/09	Buy	San Juan Basin Rty Tr UBI (SJT)	280 ⁵	19.0422	-\$5,525.65	\$188.58
33	12/10/09	Sell	San Juan Basin Rty Tr UBI (SJT)	280	17.0000	\$4,606.05	\$148.57
34	12/10/09	Buy	T-3 Energy Services, Inc.	195	25.4296	-\$5,143.15	\$179.13
35	12/15/09	Sell	CMS Energy CP	400	15.4601	\$6,001.23	\$177.40
36	12/15/09	Buy	Helca Mining Co.	865	6.6999	-\$5,980.55	\$179.89
37	12/23/09	Sell	Helca Mining Co.	865	6.2801	\$5,235.80	\$191.10
38	12/23/09	Sell	T-3 Energy Services Inc.	195	25.4537	\$4,778.86	\$179.23
39	12/23/09	Buy	ING Value Choice A.	654.535	15.2700	-\$10,000	No commission or markup listed

³ On Margin

⁴ On Margin

⁵ On Margin

SH's IRA Account

No.	Trade Date	Buy/Sell	Stock	Quantity	Price	Principal ⁶	Commission/ Markup
1	2/26/09	Buy	Altria Group, Inc.	325	15.554	-\$5,228.88	\$181.12
2	2/26/09	Buy	Halliburton Co.	325	17.5780	-\$5,916.03	\$197.93
3	3/20/09	Sell	Altria Group Inc.	325	16.7425	\$5,244.70	\$191.32
4	3/20/09	Sell	Halliburton, Co.	325	16.9920	\$5,323.78	\$193.33
5	3/23/09	Buy	Excel Maritime Carriers LTD	2,000	4.1093	-\$8,469.46	\$245.61
6	3/23/09	Buy	Advanced Micro Devices	700	2.9500	-\$2,162.77	\$92.52
7	4/15/09	Sell	Excel maritime Carriers LTD	2,000	6.7300	\$13,104.70	\$349.70
8	4/15/09	Buy	Altria Group, Inc.	751	16.8600	-\$12,997.59	\$330.48
9	4/16/09	Sell	Advanced Micro Devices	700	3.5000	\$2,337.74	\$106.94
10	4/16/09	Buy	Yahoo, Inc.	180	14.3000	\$2,690.65	\$111.40
11	5/06/09	Sell	Altria Group Inc.	751	16.8100	\$12,322.12	\$296.61
12	5/07/09	Buy	Glimcher Realty Tr SBI	1,250	2.6573	-\$3,463.18	\$136.30
13	5/07/09	Buy	Coca Cola Co.	200	42.7180	-\$8,798.90	\$250.05
14	5/15/09	Sell	Yahoo Inc.	180	14.91	\$2,683.80	\$115.27
15	5/18/09	Sell	Coca Cola Co.	200	45.3226	\$8,802.71	\$256.32
16	5/18/09	Buy	Ebay, Inc.	600	17.3070	-\$10,664.03	\$274.58
17	6/02/09	Sell	Ebay, Inc.	600	18.0030	\$10,511.32	\$284.95
18	6/02/09	Buy	Monsanto Co/New	135	81.6340	-\$11,316.20	\$290.36
19	6/22/09	Sell	Monsanto Co/New	135	78.9460	\$10,370.80	\$281.38
20	6/23/09	Buy	VK O'Shaughessy SM MD CP GW A	1,000.47 5	9.9900	-\$10,000.00	No commission or markup listed
21	7/23/09	Sell	Glimcher Realty TR SBI	1,250	3.0554	\$3,662.88	\$151.02
22	7/24/09	Buy	Advanced Micro Devices	1,000	3.7399	-\$3,893.93	\$148.78
23	8/17/09	Sell	Advanced Micro Devices	1,000	3.5200	\$3,372.30	\$142.35
24	8/17/09	Buy	First Financial Bankshares Inc.	71	50.4100	-\$3,728.47	\$144.11
25	9/22/09	Sell	First Financial Bankshares Inc.	71	50.0000	\$3,401.41	\$143.24
26	9/22/09	Buy	Genworth Financial Inc CL A	240	13.3580	-\$3,343.84	\$132.67
27	10/19/09	Sell	Genworth Financial Inc CL A	240	11.0720	\$2,537.62	\$114.34
28	10/20/09	Buy	San Juan Basin Rty Tr UBI	130	18.9760	-\$2,579.68	\$107.55
29	12/10/09	Sell	San Juan Basin RTY TR UBI	130	16.9901	\$2,105.39	\$98.01
30	12/10/09	Buy	Sealy Corporation	675	3.0173	-\$2,133.36	\$91.43
31	12/13/09	Buy	Evergreen Solar	1,225	1.6299	-\$2,091.73	\$89.85

⁶ Amount includes commission

			Inc.				
32	12/23/09	Sell	Sealy Corporation	675	3.0401	\$1,954.74	\$92.02
33	1/21/10	Sell	VK O'Shaughnessy SM MD CP GW A	1,000.47 5	12.1200	\$12,125.76	No commission or markup listed

WH's Custodial Account

No.	Trade Date	Buy/Sell	Stock	Quantity	Price	Principal⁷	Commission/ Markup
1	2/11/09	Buy	Lockheed Martin Corp.	90	78.4600	\$7,293.20	\$226.55
2	2/11/09	Buy	Altria Group, Inc.	415	16.6000	\$7,117.53	\$223.28
3	2/11/09	Buy	Halliburton, Co.	370	18.7280	\$7,158.67	\$224.06
4	2/11/09	Buy	Kellogg, Co.	165	41.1500	\$7,016.34	\$221.34
5	3/20/09	Sell	Altria Group, Inc.	415	16.7101	\$6,738.86	\$190.54
6	3/20/09	Sell	Halliburton, Co.	370	16.8720	\$6,048.35	\$189.00
7	3/20/09	Sell	Kellogg, Co.	165	36.4727	\$5,828.20	\$184.51
8	3/23/09	Sell	Lockheed Martin, Corp.	90	67.3800	\$5,863.16	\$195.75
9	3/23/09	Buy	Advanced Micro Devices	1,500	2.9500	\$4,597.18	\$166.93
10	3/23/09	Buy	ILL Tool Works, Inc.	300	28.8575	\$8,914.00	\$251.50
11	3/23/09	Buy	Trinity Ind Delaware	1,000	9.4893	\$9,755.22	\$260.67
12	4/16/09	Sell	Advanced Micro Devices	1,500	3.5000	\$5,058.10	\$186.51
13	4/16/09	Buy	Yahoo, Inc.	440	14.2900	\$6,503.82	\$210.97
14	4/22/09	Sell	ILL Tool Works, Inc.	300	31.9700	\$9,323.89	\$261.61
15	4/22/09	Sell	Trinity Ind Delaware	1,000	12.4120	\$12,114.44	\$291.99
16	4/22/09	Buy	Glimcher Realty Tr SBI	2,000	2.9325	\$6,061.68	\$191.43
17	4/22/09	Buy	Starbucks Corp Washington	750	12.4500	\$9,601.95	\$259.20
18	4/22/09	Buy	General Maritime Corp New SHS	500	9.6272	\$4,994.83	\$175.98
19	5/04/09	Sell	Starbucks Corp Washington	759	14.3200	\$10,451.05	\$283.42
20	5/04/09	Sell	General Maritime Corp New SHS	500	11.9901	\$5,805.60	\$184.04
21	5/07/09	Buy	AT&T	350	25.5276	\$9,194.76	\$254.85
22	5/07/09	Buy	Kimberly Clark, Corp.	150	51.3900	\$7,951.59	\$237.84
23	5/15/09	Sell	Yahoo, Inc.	440	14.9200	\$6,342.57	\$216.81
24	5/15/09	Buy	Proshares U/S DJ-AIG Crude Oil	235	26.0678	\$6,317.87	\$186.69
25	5/19/09	Sell	Kimberly Clark, Corp.	150	51.5900	\$7,494.73	\$238.32
26	5/19/09	Buy	Trinity Ind Delaware	450	15.5467	\$7,226.59	\$225.32
27	6/02/09	Sell	Trinity Ind Delaware	450	15.2100	\$6,616.65	\$222.42
28	6/02/09	Buy	Advanced Micro Devices	1,480	4.5700	\$6,989.68	\$220.83
29	6/09/09	Sell	Proshares U/S DJ-AIG Crude Oil	325	16.9576	\$3,824.08	\$155.60
30	6/12/09	Buy	AT&T Inc	145	24.8900	\$3,759.29	\$144.99

⁷ Amount includes commission.

31	6/17/09	Sell	Advanced Micro Devices	1,480	3.9000	\$5,567.27	\$199.33
32	6/17/09	Buy	Beckton Dickinson & Co	75	68.7700	\$5,347.13	\$184.13
33	6/22/09	Sell	AT&T	495	24.0000	\$11,578.54	\$295.90
34	6/22/09	Buy	VK O'Shaughnessy SM MD CP GW A	991.543	10.0800	\$10,000.00	No commission or mark up listed.
35	7/24/09	Buy	General Maritime Corp New SHS	900	8.9222	\$8,278.10	\$242.85
36	7/24/09	Sell	Glimcher Realty Tr SBI	2,000	3.3100	\$6,396.63	\$217.94
37	7/31/09	Sell	Becton Dickinson & Co.	75	65.4100	\$4,722.37	\$178.00
38	8/03/09	Buy	General Maritime Corp New SHS	500	8.8340	\$4,588.99	\$166.74
39	8/19/09	Sell	General Maritime Corp New SHS	1400	7.5000	10,217.02	\$277.46
40	8/19/09	Buy	Ciena Corp New	750	13.2684	\$10,221.18	\$264.63
41	9/11/09	Sell	Ciena Corp New	750	15.8600	\$11,608.78	\$280.66
42	9/16/09	Buy	Dell, Inc.	360	16.9267	\$6,305.57	\$206.71
43	9/16/09	Buy	Coca Cola Co.	115	52.7180	\$6,273.83	\$206.01
44	9/23/09	Sell	Coca Cola Co.	115	53.1120	\$5,695.07	\$207.03
45	9/23/09	Buy	Dell, Inc.	340	16.1680	\$5,695.07	\$192.70
46	10/15/09	Sell	Dell, Inc.	700	15.3400	\$10,449.10	\$283.37
47	10/20/09	Buy	CMS Energy CP	367.00	13.8790	\$5,280.18	\$182.44
48	10/20/09	Buy	San Juan Basin Rty Tr UBI	265.00	19.0033	\$5,222.07	\$180.95
49	12/10/09	Sell	San Juan Basin Rty Tr UBI	265.00	17.000	\$4,330.76	\$168.87
50	12/10/09	Buy	Sysco Corp.	150.00	28.8976	\$4,504.46	\$164.70
51	12/15/09	Sell	CMS Energy Corp.	367.00	15.4701	5,494.76	\$177.37
52	12/15/09	Buy	Hecla Mining Corp.	820.00	6.6999	\$5,672.54	\$173.37
53	12/23/09	Sell	Helca Mining Corp.	820.00	6.2901	\$4,968.35	\$184.14
54	12/23/09	Sell	Sysco Corp.	150.00	28.4640	4,101.18	\$163.06
55	12/23/09	Buy	ING Value Choice A	595.596	15.2700	\$9,100.00	No commission or mark up listed
56	1/21/09	Sell	VK O'Shaughnessy Sm MD CP GW A	991.543	12.1200	\$12,017.50	No commission or mark up listed

KH's Custodial Account

No.	Trade Date	Buy/Sell	Stock	Quantity	Price	Principal ⁸	Commission/ Markup
1	2/11/09	Buy	Ultra Petroleum Corp.	170	39.7100	\$6,976.52	\$220.57
2	2/11/09	Buy	Altria Group, Inc.	420	16.6000	\$7,202.12	\$224.87
3	2/11/09	Buy	American Electric Power, Co.	220	31.9600	\$7,262.44	\$225.99
4	2/11/09	Buy	Johnson & Johnson	120	56.9100	\$7,056.57	\$222.12
5	3/20/09	Sell	Ultra Petroleum, Corp.	170	39.6701	\$6,540.23	\$198.40
6	3/20/09	Sell	Altria Group, Inc.	420	16.7100	\$6,821.03	\$191.88
7	3/23/09	Sell	Johnson & Johnson	120	52.2900	\$6,073.57	\$195.94
8	3/23/09	Buy	ILL Tool Works, Inc.	300	28.7673	\$8,886.60	\$251.16
9	3/23/09	Buy	Trinity Ind Delaware	1,000	9.4540	\$9,719.59	\$260.34
10	4/15/09	Sell	American Electric Power, Co.	220	26.3100	\$5,583.09	\$199.71
11	4/15/09	Buy	Proshares U/S DJ-AIG Crude Oil	200	30.2274	\$6,235.80	\$185.07
12	4/22/09	Sell	Proshares U/S DJ-AIG Crude Oil	200	\$34.5790	\$6,686.57	\$223.80
13	4/22/09	Sell	ILL Tool Works, Inc.	300	\$31.9778	\$9,326.20	\$261.64
14	4/22/09	Sell	Trinity Ind Delaware	1,000	12.4311	\$12,133.13	\$292.40
15	4/22/09	Buy	Becton Dickinson & Co	140	68.0200	\$9,789.04	\$260.99
16	4/22/09	Buy	MC Donald's Corp.	150	55.7980	\$8,622.67	\$247.72
17	4/22/09	Buy	United Technologies, Corp.	200	48.0100	\$9,868.96	\$261.71
18	4/30/09	Sell	Becton Dickinson & Co.	140	61.8820	\$8,406.42	\$251.58
19	5/01/09	Buy	Excel Maritime Carriers Ltd	1,100	7.6799	\$8,701.92	\$248.78
20	5/04/09	Sell	United Technologies, Corp.	200	51.0500	\$10,015.31	\$189.17
21	5/05/09	Sell	Excel Maritime Carriers Ltd	1,100	8.7422	\$9,349.08	\$261.84
22	5/05/09	Sell	MC Donald's Corp.	150	53.1900	\$7,730.97	\$242.07
23	5/05/09	Buy	Proshares U/S DJ-AIG Crude Oil	345	28.1886	\$9,993.11	\$262.79
24	5/07/09	Buy	AT&T	350	25.5900	\$9,216.85	\$255.10
25	5/07/09	Buy	Kimberly Clark, Corp.	150	51.4100	\$7,954.64	\$237.89

⁸ Amount includes commission.

26	5/19/09	Sell	Kimberly Clark, Corp.	150	51.700	\$7,510.96	\$238.59
27	5/19/09	Buy	Trinity Ind Delaware	475	15.5831	\$7,639.94	\$232.69
28	5/20/09	Sell	AT&T	350	24.4500	\$8,301.80	\$250.23
29	5/20/09	Buy	General Maritime Corp New SHS	800	9.5419	\$7,875.38	\$236.61
30	6/02/09	Sell	Trinity Ind Delaware	475	15.1906	\$6,980.71	\$229.39
31	6/02/09	Buy	Norfolk Southern, Corp.	180	39.8760	\$7,411.63	\$228.70
32	6/09/09	Sell	Proshares U/S DJ-AIG Crude Oil	345	16.9576	\$5,663.92	\$181.04
33	6/12/09	Buy	Trinity Ind Delaware	362	15.1617	\$5,686.28	\$192.49
34	6/17/09	Sell	General Maritime Corp New SHS	800	9.1000	\$7,044.02	\$230.54
35	6/17/09	Sell	Norfolk Southern, Corp.	180	38.3817	\$6,679.62	\$223.66
36	6/17/09	Buy	Becton Dickinson & Co	180	68.8500	\$12,696.30	\$298.05
37	6/22/09	Sell	Trinity Ind Delaware	362	12.7231	\$4,429.13	\$171.26
38	7/09/09	Buy	National Oilwell Varco, Inc.	175	30.6480	\$5,558.03	\$189.38
39	7/24/09	Buy	Houston Wire & Cable, Co.	500	11.1667	\$5,783.41	\$194.81
40	7/24/09	Sell	National Oilwell Varco Inc.	175	36.2860	\$6,132.32	\$212.31
41	7/31/09	Sell	Becton Dickinson & Co	180	65.4856	\$11,519.02	\$262.83
42	8/03/09	Buy	Pepsico, Inc. NC	200	56.0580	\$11,511.92	\$295.07
43	8/14/09	Sell	Houston Wire & Cable, Co.	500	10.9445	\$5,274.76	\$192.09
44	8/14/09	Sell	Pepsico, Inc. NC	200	56.2820	\$10,954.69	\$296.17
45	8/17/09	Buy	First Financial Bankshares, Inc.	150	50.6599	\$7,840.28	\$236.04
46	8/17/09	Buy	Sunoco Logistics	150	54.7945	\$8,470.05	\$245.62
47	8/21/09	Sell	Sunoco Logistics	150	56.2590	\$8,184.72	\$248.66
48	8/21/09	Buy	Ciena Corp New	600	13.4899	\$8,342.99	\$243.80
49	9/11/09	Sell	Ciena Corp New	600	15.8601	\$9,301.82	\$208.74
50	9/16/09	Buy	Dell, Inc.	545	16.8884	\$9,467.26	\$257.83
51	9/22/09	Sell	First Financial Bankshares Inc.	150	50.0000	\$7,295.33	\$199.22
52	9/22/09	Buy	Genworth Financial Inc. CL A	530	13.3999	\$7,334.51	\$227.31
53	10/15/09	Sell	Dell, Inc.	545	15.3430	\$8,108.85	\$247.62
54	10/19/09	Sell	Genworth Financial Inc. CL A	530	11.0000	\$5,643.98	\$180.62
55	10/20/09	Buy	CMS Energy CP	470	13.8861	\$6,747.74	\$216.02
56	10/20/09	Buy	San Juan Basin Rty Tr UBI	340	18.9629	\$6,667.02	\$214.38
57	12/10/09	Sell	San Juan Basin RTY TR UBI	340	17.0001	\$5,605.04	\$169.59
58	12/10/09	Buy	T-3 Energy Services Inc.	230	25.3713	\$6,021.38	\$180.73
59	12/15/09	Buy	Helca Mining,	1,000	6.6999	\$6,898.36	\$193.21

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60	12/15/09	Sell	CMS Energy CP	470	5.4601	\$7,030.51	\$230.30
61	12/23/09	Sell	T-3 Energy Services, Inc.	230	25.5000	\$5,658.09	\$201.50
62	12/23/09	Sell	Hecla Mining Co.	1,000	6.2814	\$5,658.09	\$210.84
63	12/23/09	Buy	ING Value Choice A	769.139	15.2700	\$11,750.00	No commission or markup designated