

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 MIRANDA LEKANDER (State Bar No. 210082)
Senior Counsel
4 DEPARTMENT OF BUSINESS OVERSIGHT
1515 K Street, Suite 200
5 Sacramento, California 95814
Telephone: (916) 322-8730
6 Facsimile: (916) 445-8730
Attorneys for Complainant
7

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

| | | | |
|----|------------------------------------|---|----------------------------------|
| 11 | In the Matter of: |) | CRD Nos.: 8049; 843025 |
| 12 | THE COMMISSIONER OF BUSINESS |) | STIPULATION TO FINAL ORDERS: |
| 13 | OVERSIGHT, |) | (1) REVOKING BROKER-DEALER |
| 14 | Complainant, |) | CERTIFICATE PURSUANT TO |
| 15 | v. |) | CORPORATIONS CODE SECTION 25212; |
| 16 | THE DRATEL GROUP, INC. and WILLIAM |) | AND; |
| 17 | MARSHALL DRATEL, |) | (2) BARRING WILLIAM MARSHALL |
| 18 | Respondents. |) | DRATEL FROM ANY POSITION OF |
| 19 | |) | EMPLOYMENT, MANAGEMENT OR |
| 20 | |) | CONTROL OF ANY INVESTMENT |
| | |) | ADVISER, BROKER-DEALER OR |
| | |) | COMMODITY ADVISER PURSUANT TO |
| | |) | CORPORATIONS CODE SECTION 25213 |

21 It is hereby stipulated and agreed by and between the Commissioner of Business Oversight
22 (Complainant or Commissioner) and The Dratel Group, Inc. (The Dratel Group) and William
23 Marshall Dratel (Dratel) (Respondents) as follows:

24 **I.**
25 **RECITALS**

26 A. Respondent The Dratel Group (CRD No. 8049) is or was an active New York corporation with
27 a business address of 53345 Route 25, Building 10, Suite 3, Southold, New York, 11971 and a mailing
28

1 address of Post Office Box 1026, Southold, New York, 11971. On March 1, 1985, The Dratel Group
2 first became registered as a California broker-dealer under Corporations Code section 25210.

3 B. Respondent Dratel (CRD No. 843025) is the president, chief compliance officer, and sole
4 owner of The Dratel Group, and as such is authorized to enter into this Stipulation on behalf of
5 Respondents.

6 C. On September 28, 2012, the Financial Industry Regulatory Authority, Inc. (FINRA) Office of
7 Hearing Officers issued an extended hearing panel decision (Case No. 2008012925001) finding that,
8 inter alia, Respondents had engaged in a willful and fraudulent trade allocation or cherry-picking
9 scheme in violation of the Securities and Exchange Act of 1934 and National Association of Securities
10 Dealers rules. On May 2, 2014, the National Adjudicatory Council of FINRA issued a decision
11 affirming FINRA's findings and modified the sanctions. As a result, Dratel was barred from
12 associating with any member firm in any capacity and The Dratel Group was expelled, effective
13 immediately. Respondents' appeal for a stay to the Securities and Exchange Commission was denied
14 on June 2, 2014, and the bar and expulsion orders remain in effect.

15 D. On May 18, 2015, the Commissioner issued an Accusation In Support Of Orders: (1)
16 Revoking Broker-Dealer Certificate Pursuant to Corporations Code Section 25212; and, (2) Barring
17 William Marshall Dratel From Any Position Of Employment, Management or Control of Any
18 Investment Adviser, Broker-Dealer or Commodity Adviser Pursuant to Corporations Code Section
19 25213 (Accusation). A true and correct copy of the Accusation is attached and incorporated by
20 reference as Exhibit A.

21 E. It is the intention and the desire of the parties at this time to resolve the matter without the
22 need for a hearing.

23 **I.**
24 **TERMS AND CONDITIONS**

25 THEREFORE, in consideration of the foregoing, and the terms and conditions set forth
26 herein, the parties agree and stipulate as follows:

27 1. This Stipulation is entered into for the purpose of judicial economy and efficiency, and to
28 avoid the expense of a hearing, and possible other court proceedings.

1 2. Respondents admit to the jurisdiction of the Commissioner over them and over the subject
2 matter hereof. Respondents do not admit or deny the allegations contained in the Accusation referred
3 to above and attached hereto as Exhibit A. However, if Respondents (i) apply to vacate the bar or
4 judgment imposed by the orders contemplated herein; (ii) apply for any license under the
5 Commissioner's current or future jurisdiction, or (iii) are the subjects of an action by the
6 Commissioner to enforce the orders contemplated herein, then the allegations contained in the
7 Accusation shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

8 3. Respondents hereby agree to the issuance by the Commissioner of a final order revoking the
9 broker-dealer certificate of The Dratel Group pursuant to Corporations Code section 25212
10 (Revocation Order). A copy of the Revocation Order is attached and incorporated by reference as
11 Exhibit B.

12 4. Respondents hereby agree to the issuance by the Commissioner of a final order barring Dratel
13 from any position of employment, management or control of any investment adviser, broker-dealer or
14 commodity adviser pursuant to Corporations Code section 25213 (Bar Order). A copy of the Bar
15 Order is attached and incorporated by reference as Exhibit C.

16 5. Respondents agree to waive all rights to hearing, appeal, or judicial review accorded under the
17 Administrative Procedures Act (Gov. Code, § 11400 et seq.) or the California Corporate Securities
18 Law of 1968 (Corp. Code, § 25000 et seq.).

19 6. The parties hereby acknowledge and agree that this Stipulation is intended to constitute a full,
20 final and complete resolution of this matter. The parties further acknowledge and agree that nothing
21 contained in this Stipulation shall operate to limit the Commissioner's ability to assist any other
22 agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by
23 any such agency against Respondents based upon any of the activities alleged in this matter or
24 otherwise. This Stipulation shall not limit the ability of the Commissioner to bring any
25 administrative or civil action to enforce compliance with the orders attached hereto or seek penalties
26 for their violation.

27 7. Respondents represent, warrant, and agree that they have had the opportunity to seek
28 independent advice from legal counsel and/or representative with respect to the advisability of

1 executing this Stipulation.

2 8. Each of the parties represents, warrants, and agrees that in executing this Stipulation
3 it has relied solely on the statements set forth herein and the advice of its own counsel and/or
4 representative. Each of the parties further represents, warrants, and agrees that in executing this
5 Stipulation it has placed no reliance on any statement, representation, or promise of any other party,
6 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
7 other person or entity to make any statement, representation or disclosure of anything whatsoever.
8 The parties have included this clause: (1) to preclude any claim that any party was in any way
9 fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol
10 evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

11 9. This Stipulation is the final written expression and the complete and exclusive
12 statement of all the agreements, conditions, promises, representations, and covenants between the
13 parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous
14 agreements, negotiations, representations, understandings, and discussions between and among the
15 parties, their respective representatives, and any other person or entity, with respect to the subject
16 matter covered hereby.

17 10. In that the parties have had the opportunity to draft, review and edit the language of this
18 Stipulation, no presumption for or against any party arising out of drafting all or any part of this
19 Stipulation will be applied in any action relating to, connected, to, or involving this Stipulation.
20 Accordingly, the parties waive the benefit of Civil Code section 1654 and any successor or amended
21 statute, providing that in cases of uncertainty, language of a contract should be interpreted most
22 strongly against the party who caused the uncertainty to exist.

23 11. This Stipulation may be executed in one or more counterparts, each of which shall be an
24 original but all of which, together, shall be deemed to constitute a single document.

25 12. Respondents acknowledge that this Stipulation and the orders referenced herein are public
26 records.

27 13. Each signator hereto covenants that he/she possesses all necessary capacity and
28 authority to sign and enter into this Stipulation.

1 14. Service to Respondents of this Stipulation and the Revocation and Bar Orders shall be
2 effected by an agent for the Commissioner sending copies by U.S. certified mail to Respondents at
3 53345 Route 25, Building 10, Suite 3, Southold, New York, 11971.

4
5 JAN LYNN OWEN
6 Commissioner of Business Oversight

7 Dated: 6/16/15

8 By _____

9 MARY ANN SMITH
10 Deputy Commissioner
11 Enforcement Division

12 THE DRATEL GROUP, INC.

13 Dated: 6/10/15

14 By _____

15 WILLIAM MARSHALL DRATEL, President

16 Dated: 6/10/15

17 By _____

18 WILLIAM MARSHAL DRATEL, as an individual
19
20
21
22
23
24
25
26
27
28