

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF
ALBERT JOSEPH GORNATTI, JR.

No S-04-099-04-CO01

CONSENT ORDER

This consent order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101, *et seq.* (Repl. 2000), (the Act), the Rules of the Arkansas Securities Commissioner promulgated under the Act (the Rules) and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201, *et seq.* (Repl. 2002) in accordance with an agreement by and between the Staff of the Arkansas Securities Department (the Staff) and ALBERT JOSEPH GORNATTI, JR. (Gornatti) in full settlement of all claims that could be brought against Gornatti by the Staff in a complaint. Gornatti waives his rights to a formal hearing, consents to the entry of this Order and agrees to abide by its terms.

FINDINGS OF FACT

1. Gornatti was at all relevant times mentioned herein a registered agent for Personalized Investments, Inc. (PII), a broker-dealer located in Little Rock, Arkansas. He was registered as the FINOP for PII and was also responsible for bookkeeping and maintaining the portfolio software. Personalized Financial Planning, Inc. (PFPI) is and was at all times relevant herein an affiliate of PII.
2. Following an independent annual audit by an accounting firm hired by PII, irregularities were found in certain ledger accounts maintained by PII. From on or about June, 2003 through August, 2004, Gornatti misappropriated \$14,001.78. Gornatti accomplished this

misappropriation of funds as follows: 1) recording lower amounts in the general ledger than the actual deposits from advisory fee billing receipts, 2) issuing checks made payable to himself or a vendor used regularly by PFPI, 3) recording a lower disbursement amount in the general ledger than the actual disbursement and 4) falsifying the bank statements. For example, if a deposit of \$5,000 in advisory fees was made, Gornatti would make the deposit and record the amount on the general ledger as \$4,000. He would then issue a check to himself for \$1,100 and record this amount as \$100 on the general ledger. When the bank statements arrived, Gornatti would falsify the statement to match the amounts he recorded on the general ledger. In doing this, Gornatti reduced the apparent amount of revenue and disbursements.

CONCLUSIONS OF LAW

3. Ark. Code Ann. §§ 23-42-308(a)(1) and 23-42-308(a)(2)(B) (Repl. 2000) provides that the Arkansas Securities Commissioner (the Commissioner) may suspend or revoke the registration of any registrant if he finds:
 - 1) the order is in the public interest, and
 - 2) the registrant has willfully violated any provision of the Act or the Rules.
4. Rule 308.01(V), Rules of the Arkansas Securities Commissioner, entitled "Other Unfair, Misleading and Unethical Practices," defines several misleading and unethical practices of a broker-dealer or agent, the commission of which can be considered grounds for denial, suspension or revocation of broker-dealer or agent registration. In this last subsection of Rule 308.01, it is stated that the list of unfair, misleading or unethical

practices set out in the previous subsections of Rule 308.01 is not exclusive and includes other such activities, including, *inter alia*, “forgery, embezzlement, . . . manipulations and various deceptions.”

OPINION

5. The course of action described in ¶ 2, *supra*, constitutes violations of Rule 308.01(V), Rules of the Arkansas Securities Commissioner.
6. The findings of fact set forth in ¶¶ 1 and 2 support the conclusion that this order is in the public interest.

CONSENT

7. Gornatti consents to the entry of this order and agrees to abide by its provisions.

UNDERTAKING

8. As part of this consent order, Gornatti, who presently has no current registration with any broker-dealer or investment adviser in any capacity in Arkansas, agrees never to apply for registration in Arkansas pursuant to the Act to do business in any capacity in the securities industry.

ORDER

IT IS THEREFORE ORDERED THAT no registration of Albert Joseph Gornatti, Jr. in the securities industry in any capacity ever be effected in Arkansas and that all possible proceedings that could in any way be conducted in pursuit of any complaint the Staff could file either before the Arkansas Securities Commissioner, or a court of competent jurisdiction be concluded by the entry of this order.

WITNESS MY HAND AND SEAL this 30th day of December, 2004.

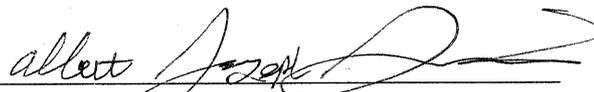


Michael B. Johnson
ARKANSAS SECURITIES COMMISSIONER

CONSENT TO ENTRY OF CONSENT ORDER
BY ALBERT JOSEPH GORNATTI, JR.

Albert Joseph Gornatti, Jr. hereby acknowledges that he has been served with a copy of this Consent Order reflecting his settlement of the matters raised in the complaint filed in this matter, has read the Consent Order, is aware of his rights to a hearing and appeal and has waived those rights.

Gornatti admits the jurisdiction of the Arkansas Securities Commissioner and consents to the entry of the Consent Order by the Arkansas Securities Commissioner as settlement of the issues contained in the Consent Order.



Albert Joseph Gornatti, Jr.