

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

7 Attorneys for Complainant

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

11	In the Matter of:	)	CRD Nos.: 8049; 843025
12		)	
13	THE COMMISSIONER OF BUSINESS	)	ACCUSATION IN SUPPORT OF ORDERS:
14	OVERSIGHT,	)	(1) REVOKING BROKER-DEALER
15		)	CERTIFICATE PURSUANT TO
16	Complainant,	)	CORPORATIONS CODE SECTION 25212
17		)	
18	v.	)	(2) BARRING WILLIAM MARSHALL
19		)	DRATEL FROM ANY POSITION OF
20	THE DRATEL GROUP, INC. and WILLIAM	)	EMPLOYMENT, MANAGEMENT OR
21	MARSHALL DRATEL,	)	CONTROL OF ANY INVESTMENT
22		)	ADVISER, BROKER-DEALER OR
23	Respondents.	)	COMMODITY ADVISER PURSUANT TO
24		)	CORPORATIONS CODE SECTION 25213
25		)	
26		)	
27		)	
28		)	

21  
22 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), alleges and  
23 charges as follows:

24 ///  
25 ///  
26 ///  
27 ///  
28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**I.**

**INTRODUCTION**

1. The Commissioner brings this action pursuant to sections 25212 and 25213 of the Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 et seq.)<sup>1</sup> and the rules and regulations promulgated thereunder (C.C.R., tit. 10, § 260.000 et seq.).

2. This action is brought in order to: (1) revoke a broker-dealer certificate issued to The Dratel Group, Inc. (The Dratel Group) and its principal William Marshall Dratel (Dratel) pursuant to Corporations Code section 25212; and, (2) bar Dratel from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section 25213.

**II.**

**STATEMENT OF FACTS**

3. At all relevant times, The Dratel Group (CRD No. 8049) is or was an active New York corporation with a business address of 53345 Route 25, Building 10, Suite 3, Southold, New York, 11971 and a mailing address of Post Office Box 1026, Southold, New York, 11971.

4. At all relevant times, Dratel (CRD No. 843025) was the president, chief compliance officer, and sole owner of The Dratel Group.

5. On March 1, 1985, The Dratel Group first became registered as a California broker-dealer under Corporations Code section 25210.

6. On September 28, 2012, the Financial Industry Regulatory Authority, Inc. (FINRA) Office of Hearing Officers issued an extended hearing panel decision (Case No. 2008012925001) finding that, inter alia, Dratel and The Dratel Group (collectively, Respondents) had engaged in a willful and fraudulent trade allocation or cherry-picking scheme in violation of the Securities and Exchange Act of 1934 and National Association of Securities Dealers rules. On May 2, 2014, the National Adjudicatory Council of FINRA issued a decision affirming FINRA’s findings and modified the sanctions. As a result, Dratel was barred from associating with any member firm in any capacity and

---

<sup>1</sup> All further statutory references are to the Corporations Code unless otherwise indicated.

1 The Dratel Group was expelled, effective immediately. Respondents' appeal to the Securities and  
2 Exchange Commission was denied on June 2, 2014, and the bar and expulsion orders remain in effect.

3 **III.**

4 **AUTHORITY FOR THE REVOCATION OF**  
5 **RESPONDENTS' BROKER-DEALER CERTIFICATE**

6 7. Corporations Code section 25212 provides in pertinent part:

7 The commissioner may, after appropriate notice and opportunity for hearing, by order  
8 censure, deny a certificate to, suspend for a period not exceeding 12 months or revoke the  
9 certificate of, any broker-dealer if the commissioner finds that the censure, denial, suspension,  
10 or revocation is in the public interest and that the broker-dealer, whether prior or subsequent  
11 to becoming a broker-dealer, or any partner, officer, director, or branch manager of the  
12 broker-dealer, whether prior or subsequent to becoming associated with the broker-dealer, or  
13 any person directly or indirectly controlling the broker dealer, whether prior or subsequent to  
14 becoming such, or any agent employed by the broker-dealer while so employed has done any  
15 of the following:

16 . . .

17 (d) Is or has been subject to (1) any order of the Securities and Exchange Commission or the  
18 securities administrator of any other state denying registration to, or revoking or suspending  
19 the registration of, the person as a broker, dealer, agent, or investment adviser, (2) any order  
20 of any national securities association or national securities exchange (registered under the  
21 Securities Exchange Act of 1934) suspending or expelling that person from membership in  
22 the association or exchange or from association with any member thereof, or (3) any other  
23 order of the commission or any administrator, association, or exchange referred to in this  
24 subdivision which is or has been necessary for the protection of any investor.

25 8. Corporations Code section 25215 provides:

26 No order may be entered under Section 25212, 25213, 25213.3, or 25252 except after  
27 notice to any person affected thereby (and, in the case of an agent, to his or her  
28 employer or prospective employer if known to the commissioner) of the intention of  
the commissioner to enter that order and of the reasons therefor and that upon receipt  
of a request the matter will be set down for hearing to commence within 15 business  
days after that receipt unless the person affected consents to a later date. If no hearing  
is requested within 30 days after the mailing of the notice and none is ordered by the  
commissioner, the order may be entered without hearing to remain in effect until it is  
modified or vacated by the commissioner. In the case of an original application for a  
certificate, that hearing shall be set down to commence within 15 business days after  
receipt of a written request by the applicant made 30 days or more after the filing of  
the application, even though no notice by the commissioner has been given, unless  
the applicant consents to a later date. If a hearing is requested or ordered, it shall be  
held in accordance with the provisions of the Administrative Procedure Act (Chapter  
5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the

Government Code), and the commissioner shall have all of the powers granted thereunder.

9. As set forth above, Respondents are or have been subject to an order issued by FINRA suspending or expelling Respondents from membership in the association or from association with any member thereof, which is a sufficient basis under section 25212, subdivision (d)(2) for the Commissioner revoking Respondents' broker-dealer certificate

10. Therefore, pursuant to section 25212, the Commissioner intends to issue an order revoking the broker-dealer certificate of Respondents The Dratel Group and Dratel.

IV.

**RESPONDENT DRATEL SHOULD BE BARRED FROM ANY POSITION OF EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT ADVISER, BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO CORPORATIONS CODE SECTION 25213 FOR BEING SUBJECT TO ANY ORDER SPECIFIED IN SUBDIVISION (D) OF CORPORATIONS CODE SECTION 25212**

11. Corporations Code section 25213 provides:

The commissioner may, after appropriate notice and opportunity for hearing, by order censure, or suspend for a period not exceeding 12 months, or deny or bar from any position of employment, management or control of any broker-dealer or investment adviser, any officer, director, partner, agent, employee of, or person performing similar functions for, a broker-dealer, or any other person, if the commissioner finds that the censure, suspension, denial, or bar is in the public interest and that the person has committed any act or omission enumerated in subdivision (a), (e), (f), or (g) of Section 25212 or has been convicted of, or pled nolo contendere to, any offense or been held liable in any civil action specified in subdivision (b) of Section 25212, or is enjoined from any act, conduct or practice specified in subdivision (c) of Section 25212 or is subject to any order specified in subdivision (d) of Section 25212.

12. Based on the foregoing, the Commissioner is of the opinion that Respondent Dratel is subject to an order specified in subdivision (d) of section 25212, specifically FINRA's May 2, 2014 order barring him from association with any member firm in any capacity, and it is in the public interest to bar Dratel from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to section 25213.

///

///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**V.  
CONCLUSION**

Based upon the foregoing, the Commissioner finds that grounds exist and that it is in the public interest to: (1) revoke the broker-dealer certificate of The Dratel Group, Inc. and William Marshall Dratel pursuant to Corporations Code section 25212; and, (2) bar William Marshall Dratel from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section 25213. The Commissioner hereby notifies The Dratel Group, Inc. and William Marshall Dratel of her intention to make such orders final.

Dated: May 18, 2015  
Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
Miranda LeKander  
Senior Counsel