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MISSOURI
SECRETARY OF STATE

STATE OF MISSOURI
OFFICE OF THE SECRETARY OF STATE

IN THE MATTER OF:

RICHARD T. GRAY, CRD# 858965)	Case No. AP-04-27
750 South Hanley Road)	
Clayton, Missouri 63105)	
)	
Respondent.)	

STIPULATED AGREEMENT

WHEREAS, on April 9, 2004, the Missouri Securities Division ("Securities Division") filed an Amended Petition ("Petition") against Respondent, Richard Gray;

WHEREAS, on May 3, 2004, the Commissioner of Securities issued an order referring the above referenced matter to the Missouri Attorney General's office and directed that a proposed petition for findings of fact and conclusions of law be drafted and filed before the Administrative Hearing Commission; and

WHEREAS no petition for findings of fact and conclusions of law has yet been filed with the Administrative Hearing Commission, and

WHEREAS, Richard T. Gray ("Gray") denies the allegations raised by the staff of the Securities Division in the Petition; and

WHEREAS, Gray and the Securities Division desire to settle the allegations and the matters raised by the staff of the Securities Division in the Petition without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein, but without any admission of wrongdoing or liability on any party's behalf; and

WHEREAS, Gray and the Securities Division acknowledge that this Agreement is the full and complete resolution of all matters, claims, disputes or complaints between them regarding the subject matter of the Petition, and

WHEREAS, Gray specifically waives his right to a hearing with respect to the issues raised in the Petition; and

WHEREAS, Gray and the Securities Division stipulate and agree that this Stipulated Agreement is in the public interest and that the Commissioner of Securities has jurisdiction and authority to enter into this agreement.

NOW, THEREFORE, Gray and the Securities Division stipulate and agree to the following:

1. The Enforcement Section of the Missouri Securities Division agrees that the Petition was not initiated by a complaint filed by any of Gray's securities clients and that no client of Gray has filed or communicated any complaint regarding Gray to the Securities Division in connection with the subject matter alleged in the Petition.
2. From the inception of the proceedings initiated by the Petition, Gray has denied the allegations raised by the staff of the Securities Division in the Petition.
3. No findings of fact or conclusions of law, which implicate Gray in any of the violations of Missouri's securities laws alleged in the Petition, have been made.
4. Gray is a member of the National Association of Securities Dealers ("NASD") and filed the Form U-4 through the Central Registration Depository ("CRD") with number 858965.
5. Most recently, Gray was a registered securities agent with Stifel, Nicolaus & Company, Incorporated (Stifel), a Missouri based, Missouri-registered broker-dealer, until Respondent voluntarily withdrew his registration on May 11, 2001. Respondent's withdrawal became effective on June 4, 2001. On September 5, 2001, Flagstone Securities, LLC (Flagstone) filed a Form U-4 on Respondent's behalf with the Securities Division. Respondent was a registered securities agent in Missouri with Flagstone from September 7, 2001 until July 9, 2004.
6. On or about July 9, 2004, Respondent voluntarily terminated his employment with Flagstone to pursue other business opportunities. Flagstone filed a form U-5 with the CRD on behalf of Respondent advising that Respondent had voluntarily resigned. As a result of this voluntary termination, Respondent has not been registered as a securities agent in Missouri since July 9, 2004.

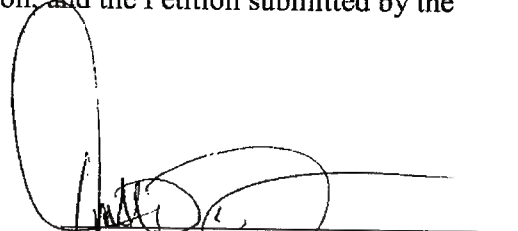
Gray and the Securities Division further stipulate and agree that:

- A. Gray will not submit an application for registration as a securities agent or investment advisor in the state of Missouri for a period of 18 months from the effective date of his July 9, 2004 withdrawal of agent registration.
- B. Gray will pay his own costs and attorneys fees with respect to this matter.
- C. In the event that Gray does not comply with any term of this Agreement and submits an application for registration as a securities agent or investment advisor in the state of Missouri prior to the expiration of 18 months from the effective date of his July 9, 2004 withdrawal, Gray agrees that the Commissioner is entitled to seek specific performance of this agreement and may seek specific performance in the Cole County Circuit Court to preclude him from pursuing such an application. Alternatively, the Commissioner may deny Gray's application for registration if Gray does not comply with this agreement.

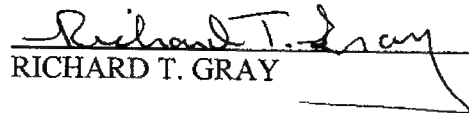
- D. Gray consents to venue in the Cole County Circuit Court and agrees to accept service by first class mail in any such suit for specific performance.
- E. Should Gray fail to comply with any provision of this Agreement, Gray agrees to pay to the Secretary of State's Investor Education Fund, all cost, including attorney's fees, associated with the Securities Division's action in the Cole County Circuit Court seeking specific performance of this agreement.
- F. Gray and the Securities Division further agree that if Gray submits an application for registration as a securities agent or investment advisor in the state of Missouri after the expiration of 18 months from the effective date of his July 9, 2004 withdrawal, the Commissioner will not deny Gray's registration based on any information provided to the Enforcement Section related to the allegations set forth in the Petition.

Gray and the Securities Division acknowledge that this Agreement is the full and complete resolution, settlement and conclusion of all matters, claims, disputes or complaints between them regarding the subject matter of the Petition; and the Petition submitted by the Enforcement Section in this proceeding is dismissed.

Date: 1/5/05


OMAR D. DAVIS
ENFORCEMENT COUNSEL

Date: 1/3/05


RICHARD T. GRAY

APPROVED: 
DOUGLAS M. OMMEN
COMMISSIONER OF SECURITIES

Date: January 5, 2005