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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING	)	Order No.: S-08-263-15-FO01
Whether there has been a violation of the	)	
Securities Act of Washington by:	)	ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
Sally Jean Gray,	)	OF LAW AND FINAL ORDER TO DENY FUTURE
	)	REGISTRATION
Respondent.	)	

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THE STATE OF WASHINGTON TO: Sally Jean Gray (CRD #1801953)

On February 2, 2010, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Deny Future Registration, Order No. S-08-263-09-SC01 (hereinafter referred to as "Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing (hereinafter referred to as "Application for Hearing") were served on Respondent Sally Gray, on April 30, 2015 via first class mail. The Notice of Opportunity for Hearing advised Respondent, Sally Gray, that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent, Sally Gray, failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a Final Order against the Respondent to deny future registration.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT**

Respondent

1. Sally Jean Gray ("Gray") is an individual believed to be residing in the state of Washington. Gray was previously registered with the Washington State Securities Division as a securities salesperson for RBC Capital Markets Corporation from March 2, 1998 through April 8, 2008. While registered, her securities salesperson license number was CRD # 1801953.

Nature of the Conduct

1           2.     Gray used her position as a securities salesperson to borrow money from customers and  
2     coworkers. After her employer learned that she had borrowed from coworkers, her supervisors asked her  
3     if she had borrowed from customers. She falsely denied having done so.

4           3.     In or about March 2006 Gray contacted a client, Customer A, and asked to borrow \$45,000.  
5     Gray claimed she needed the funds to pay income taxes and would repay the loan in two weeks.  
6     Customer A agreed to loan Gray the \$45,000 on or about March 30, 2006. Gray did not pay off the loan  
7     in two weeks. Approximately two months later Gray asked Customer A for another \$45,000. Customer  
8     A declined. A few months later Gray again requested an additional \$45,000 and Customer A declined.

9           4.     In or about September 2006 Gray approached another client, Customer B, about getting a  
10    loan of \$50,000. Gray told Customer B that she needed the funds to cover some problems for her sister.  
11    Gray said that she could not provide the funds herself until she received some commission checks from  
12    work at the end of the year or in early March 2007. Gray agreed to pay Client B a 5% return on the funds  
13    for a six month term. Gray also agreed to pay the interest on Customer B's margin account with RBC  
14    during that time period. Customer B provided the \$50,000 loan. Customer B granted two 6 month  
15    extensions on the note, with the last note coming due on December 31, 2007. Gray failed to repay the  
16    note.

17           5.     In or about February 2007 Gray again approached Customer A about getting a loan for  
18    additional funds. Gray told Customer A that if she didn't get \$80,000 she would jump off of a bridge.  
19    When pressed as to why she needed the funds so badly, Gray told Customer A that her sister borrowed  
20    some money and needed to pay it back. Gray said that she couldn't use her own investment funds to pay  
21    her sister's debt because it would look bad at work. Gray told Customer A that she had a big deal  
22    pending at work which would allow her to payoff the loan. Customer A and his wife did not want Gray's  
23    suicide on their conscience and agreed to loan Gray \$80,000 at a 5% interest rate. Gray paid back  
24    \$25,000 of \$125,000 principal loaned by Customer A. Two checks Gray sent to Customer A for \$45,000  
25    bounced.

          6.     In or about June 2007 Gray approached a coworker at RBC (Coworker A) about getting a  
\$50,000 loan. Gray did not tell Coworker A what she needed the funds for, but said that she had loaned  
funds to her sister and would repay Coworker A when Gray's sister repaid her. On or about June 29,  
2007 Coworker A loaned Gray \$50,000. The loan had an interest rate of 4% and had a due date of  
September 29, 2007. Gray failed to repay the debt by the due date.

1           7. In or around July 2007 Gray approached another coworker at RBC (Coworker B) about  
2 getting a loan. Gray told Coworker B that she needed the funds because her husband was in trouble  
3 because of a bad investment. Coworker B sympathized with Gray's position and agreed to loan her  
4 \$55,000. Gray signed a promissory note on or about July 2, 2007. The note promised to pay 10.25%  
5 interest on the funds with the balance due on December 31, 2007. Gray failed to repay the debt by the  
6 agreed upon due date.

7           8. In or about October 2007 Coworker A and Coworker B attended a conference together.  
8 Another employee of RBC attending the conference, Coworker C, warned Coworker B not to loan money  
9 to Gray. Coworker C told Coworker B that she loaned funds to Gray in 2005 and did not get paid back  
10 for two years. Coworker A and Coworker B also learned of each others loans to Gray at this conference.

11           9. Coworker A and Coworker B told RBC supervisors about their loans to Gray. The RBC  
12 supervisors spoke with Gray about the loans and specifically asked her if she had loans with clients. Gray  
13 told the supervisors that she did not have loans with clients.

14           10. In or about December 2007 Coworker A and Coworker B filed a lawsuit against Gray to  
15 recover the funds owed on their loans.

16           11. In or about December 2007 Gray approached Customer C about getting a loan. Gray  
17 claimed to need the funds to pay a debt with the Internal Revenue Service and promised to pay the funds  
18 back from commissions on insurance product sales coming within the next month or two. Gray also  
19 claimed to have sufficient funds in her 401k to pay the debt, but wished to wait for the commissions in  
20 order to avoid tax penalties. Customer C agreed to loan \$55,000 to Gray with a 5.8% interest rate. The  
21 note had a due date of January 31, 2008 and Gray agreed to take a distribution from her 401k if her  
22 commissions had not yet been paid.

23           12. Gray failed to meet the January 31, 2008 deadline for the note with Customer C. Customer C  
24 emailed Gray at RBC and demanded to speak with her. In or about April 2008, after numerous delays and  
25 excuses from Gray for failing to repay her loan, Customer C wrote Gray a letter demanding repayment.  
Customer C sent the letter to Gray at her office with RBC, and per compliance, RBC management  
reviewed the letter and discovered the loan. RBC Capital Markets Corporation terminated Gray on April  
8, 2008 for non-compliance with FINRA Rule 2370(B)(1) which prohibits borrowing money from a client  
without member pre-approval. After Gray's termination, the other loans with clients were discovered.

          Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

1. Sally Jean Gray, as described above, engaged in one or more dishonest or unethical practices in the securities business, as defined by WAC 460-22B-090. By borrowing money from customers, Gray also engaged in dishonest or unethical practices in the securities business, as defined by WAC 460-22B-090(1). Additionally, Gray failed to comply with FINRA Rule 3240 (formerly NASD Conduct Rule 2370), which prohibits borrowing money from a customer without member pre-approval. Such conduct is dishonest or unethical business practice as defined by WAC 460-22B-090(19). Gray’s denial to her employer of borrowing funds from customers constitutes a “deceptive practice” which is deemed a dishonest or unethical practice under WAC 460-22B-090. Pursuant to RCW 21.20.110(1)(g), such practices are grounds for denial of any future application or registration by Sally Jean Gray as a broker-dealer, securities salesperson, investment adviser representative, or investment adviser.

**FINAL ORDER**

Based upon the foregoing and finding it in the public interest:

IT IS HEREBY ORDERED that any future application or registration of the Respondent, Sally Gray, as a broker-dealer, securities salesperson, investment adviser representative, or investment adviser be denied.

**AUTHORITY AND PROCEDURE**

This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110, and is subject to the provisions of RCW 21.20.120 and RCW 34.05. Respondent has the right to petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 1st day of June 2015.



William M. Beatty  
Securities Administrator

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Approved by:



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Suzanne Sarason  
Chief of Enforcement

Presented by:



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Jack McClellan  
Financial Legal Examiner