

# Texans For Public Justice

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July 18, 2014

Ms. Rosemary Lehmborg  
Travis County District Attorney  
Travis County District Attorney's Office  
509 W. 11<sup>th</sup> Street  
Austin, Texas 78701

Mr. Gregg Cox  
Public Integrity Special Prosecutions Unit  
314 W. 11<sup>th</sup> Street, Suite 200  
Austin, TX 78701

Complaint re: Kenneth Warren Paxton

Dear Ms. Lehmborg and Mr. Cox,

I believe that Mr. Kenneth Warren Paxton, Jr. has committed one or more criminal felony offenses related to his activities as an investment advisor representative for Mowery Capital Management, LLC (MCM). I encourage your offices to investigate and, if warranted, appropriately prosecute Mr. Paxton for his felony criminal conduct.

The public record appears to be unambiguously clear that Mr. Paxton violated provisions of the Texas Securities Act in 2004, 2005 and 2012 by failing to register as an investment adviser representative of Mowery Capital Management as the law requires.

As widely reported in the media, on April 30, 2014, by sworn acknowledgement, Mr. Paxton admitted to conduct that violated the Texas Securities Act. His sworn acknowledgement resulted in Disciplinary Order No. IC14-CAF-03 entered against him on May 2, 2014 by Texas Securities Commissioner John Morgan.

By agreeing to the Disciplinary Order Mr. Paxton has acknowledged that he solicited clients for MCM and was compensated by MCM for each client he delivered. Mr. Paxton also acknowledged that he was not registered with the Texas Securities Board as a representative of MCM during 2004, 2005 and 2012 when he actively solicited clients and potential investors.

The Texas Securities Act prohibits a person from acting as an investment adviser representative for an investment firm in Texas unless the person is registered as a representative for that particular firm. The Texas Securities Act provides that any person who renders services as an investment advisor representative without being registered as required by the Act is guilty of a felony of the third degree.

I therefore request that you fully investigate this matter and prosecute any violations if justified by the law and the facts.

Respectfully,

Craig McDonald  
Director, Texans for Public Justice