

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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IN THE MATTER OF THE
INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION
OF CADMUS KILGORE LAWSON II

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Order No. 1C07-CEN-04

TO: Cadmus Kilgore Lawson II (CRD No. 304190)
Portfolios, Inc.
750 N. St. Paul, Suite 1300
Dallas, TX 75201

DISCIPLINARY ORDER

Be it remembered that Cadmus Kilgore Lawson II ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2006)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2006)("Administrative Procedure Act").
2. From on or about December 8, 1971 to the present, Portfolios, Inc. ("Portfolios") has been registered under the Investment Advisers Act of 1940 with the United States Securities and Exchange Commission as an investment adviser, and is a federal covered investment adviser that is notice-filed with the Securities Commissioner.
3. From on or about December 8, 1971 to on or about December 31, 2002, Respondent was registered with the Securities Commissioner as an investment adviser representative of Portfolios.

4. Pursuant to §116.2(f)(3) of the Rules and Regulations of the Texas State Securities Board effective March 6, 2002, all persons seeking registration with the Securities Commissioner as an investment adviser representative were required to file the Uniform Application for Securities Industry Registration or Transfer ("Form U-4") via the electronic filing system maintained by the National Association of Securities Dealers, Inc. ("NASD").
5. As of December 31, 2002, Respondent had not filed an electronic Form U-4 with the Securities Commissioner as an investment adviser representative of Portfolios, and did not transition onto the electronic filing system maintained by the NASD.
6. From on or about January 1, 2003 to on or about June 30, 2006, Respondent rendered investment advisory services to Portfolios' clients in Texas on behalf of Portfolios, for compensation, at a time when Respondent was not registered as an investment adviser representative of Portfolios.
7. On or about June 30, 2006, Respondent registered with the Securities Commissioner as an investment adviser representative of Portfolios, which is currently effective.
8. Section 12.6 of the Texas Securities Act, prohibits a person from rendering services as an investment adviser representative in Texas unless the person is registered under the Texas Securities Act, submits a notice filing as provided by Section 12-1 of the Texas Securities Act, or is otherwise exempt.
9. Section 14.A(6) of the Texas Securities Act permits the Securities Commissioner to reprimand a registered investment adviser representative if the registered investment adviser representative has violated any of the provisions of the Texas Securities Act or Board Rules.

CONCLUSIONS OF LAW

1. Respondent rendered services in Texas as an "investment adviser representative" as that term is defined by Section 4.P of the Texas Securities Act.
2. From on or about January 1, 2003 to on or about June 30, 2006, Respondent violated Section 12.6 of the Texas Securities Act by rendering services as an investment adviser representative in Texas for Portfolios at a time when Respondent was not registered with the Securities Commissioner as an investment adviser representative of Portfolios.
3. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violation constitutes a basis for the issuance of an order reprimanding a registered investment adviser representative.

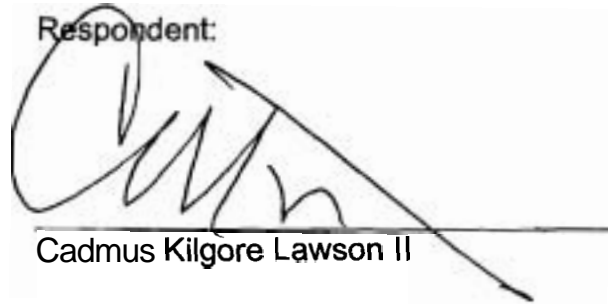
ORDER

It is therefore ORDERED that Cadmus Kilgore Lawson II is hereby REPRIMANDED.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 5th
day of March, 2007.


DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

A handwritten signature in black ink, appearing to read "Cadmus", written over a horizontal line.

Cadmus Kilgore Lawson II

Approved as to Form:

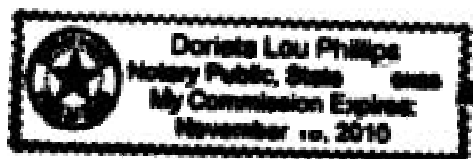
A handwritten signature in black ink, appearing to read "Benette L. Zivley", written over a horizontal line.

Benette L. Zivley
Director
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 16 day of February, 2007, Cadmus Kilgore Lawson II ("Respondent"), personally **appeared before** me, executed the foregoing Order, and acknowledged:

1. Respondent has read the foregoing Order;
2. Respondent has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]


Notary Public in and for
the State of Texas

My commission expires on: 11/18/10