Division of Securities
Utah Department of Commerce
160 East 300 South, Second Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF: **ROBERT JOHN GRABOWSKI, CRD #1639890; and** **THE THORNWATER COMPANY, L.P.,** **Respondents.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-06-0095 **Docket No.** SD-06-0096

It appears to the Director of the Utah Division of Securities (Director) that Robert John Grabowski, CRD #1639890, and the The Thornwater Company, L. P., (Respondents) may have engaged in acts and practices that constitute a violation of an Order of the Division, in violation of the Utah Uniform Securities Act (Act). Those acts are more fully described herein. The Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over Respondents and the subject matter is appropriate because the Division alleges that Respondents violated an Order of the Division. Utah Code Ann. §§ 61-1-20, -24.

STATEMENT OF FACTS

THE PARTIES

2. The Thornwater Company, L.P. (Thornwater) is a defunct broker-dealer that was licensed by the Division from November 20, 1995 until December 10, 2001, when its license was suspended by emergency order for failure to comply with an audit by the Division. The emergency order of suspension became permanent on January 14, 2002.

3. Robert John Grabowski (Grabowski) was president and CEO of Thornwater. Grabowski was licensed in Utah from January 1999 until March 2002. As president and CEO of Thornwater, Grabowski was ultimately responsible for the supervision of Thornwater agents.

GENERAL ALLEGATIONS

4. On September 23, 2002, the Division commenced agency action against Grabowski and two other agents of The Thornwater Company, L. P. (Thornwater), namely, James Hopkins (Hopkins) and Adam Harrington Rucksdeschel (Rucksdeschel), by petitioning for an order revoking and barring their licenses, and imposing a fine. The action against Hopkins was resolved by stipulation and consent order in September 2004. The action

against Rucksdeschel was resolved by a stipulation and consent order in April 2006. The Division amended the Petition for revocation against Grabowski on April 19, 2006.

5. The Division also issued an Order to Show Cause against Thornwater and another agent of Thornwater, Thomas Russo (Russo), at that time. The action against Russo was resolved by a stipulation and consent order in May 2003. The Order to Show Cause against Thornwater was amended on April 8, 2005.

6. Respondents later agreed to resolve the actions against them by entering a Stipulation and Consent Order in early August 2006. As part of its agreement, Thornwater agreed to pay a $100,000 fine by certified check to the Division within 90 days of entry of the Order. Order ¶ 46. Thornwater represented it had the ability to pay the fine money. Id. ¶ 47. As part of the consent order against Thornwater, Grabowski agreed to be barred from associating with any broker-dealer or investment adviser licensed by the Division if the Thornwater fine was not paid as required. Id. ¶ 48.

7. On August 15, 2006, the Division entered the Stipulation and Consent Order as an Order. The fine was due by November 15, 2006

8. Thornwater did not pay the fine.

9. Based upon the foregoing, Respondents materially violated an order of the Division, warranting relief under § 61-1-20 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Monday, January 29, 2007, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. If Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-8. At the hearing, Respondents may show cause, if any they have:

1. Why Thornwater should not be found to have materially violated an Order of the Division by failure to pay a fine within $100,000;
2. Why Grabowski should not be barred from associating with any broker-dealer or investment-adviser licensed by the Division.

DATED this 18th day of December, 2006.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:

Jeffrey Buckner
Assistant Attorney General

Division of Securities
Utah Department of Commerce
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IN THE MATTER OF: **ROBERT JOHN GRABOWSKI,** **CRD #1639890; and** **THE THORNWATER COMPANY, L.P.,** **Respondents.**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-06-0095 **Docket No.** SD-06-0096

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Division of Securities (Division). Utah Code Ann. § 63-46b-2(1)(a). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-6 through 11; see also Utah Admin. Code R151-46b-1 et seq.; Utah Admin. Code 164–1 et seq. The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. §§ 61-1-20. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Utah Admin. Code R151-46b-8(1). Your response must be in writing and signed by you or your representative. Your response must include the file number or other reference number; the name of the adjudicative proceeding; your version of the facts; a statement of what relief you seek; and a statement summarizing why the relief you seek should be granted. Utah Code § 63-46b-6(1). In addition, the presiding officer requires that your response:

(a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause. Allegations in the Order to Show Cause not specifically denied are deemed admitted;

(b) identify any additional documents which you assert are relevant in light of the allegations made; and

(c) state in short and plain terms your defenses to each allegation in the Order to Show Cause, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

Within a reasonable time after the deadline for filing of your response to the Order to Show Cause, a hearing in this adjudicative proceeding will be held. Utah Admin. Code R151-46b-9(9). The time, date and place for that hearing are given below as well as in the Order to Show Cause. Utah Code Ann. § 61-1-20(1)(b). The purpose of the hearing is to adjudicate whether the facts

alleged in the Order to Show Cause or agency action accompanying this Notice are true and the relief requested is appropriate; and to deal with any other matters.

At the hearing, you should be prepared to present any witnesses or documents needed in your defense of this action. A list of witnesses and exhibits you intend to use at the hearing should be provided to the Division by January 25, 2006.

Your response, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:

Administrative Court Clerk
c/o Pam Radzinski
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Jeffrey Buckner
Assistant Attorney General
160 E. 300 South, Fifth Floor
Box 140872
Salt Lake City, UT 84114-0872
(801) 366-0310

The hearing will take place January 29th 2007 at the Division of Securities, Room 474, 160 East 300 South, Salt Lake City, Utah.

If you fail to file a response or fail to attend or participate in the hearing, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63-46b-11; Utah Admin. Code R151-46b-11(a). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and determine all

issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-11(b). In the alternative, the Division may proceed with a hearing under § 63-46b-8. At the hearing, you may appear and be heard and present evidence on your behalf.

The presiding officer in this case is Wayne Klein, Director, Director, Division of Securities. An administrative law judge may be assigned as necessary. At any hearings, the Division will be represented by the Attorney General's Office.

You may attempt to negotiate a settlement of the matter without filing a response or proceeding to hearing. To do so, please contact the Utah Attorney General's Office. Questions regarding the Order to Show Cause should be directed to Jeffrey Buckner, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 18th day of December, 2006.

Wayne Klein

Wayne Klein, Director
Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 19 day of DECEMBER, 2006, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Steven Altman
Eric Rosenberg
ALTMAN & COMPANY, P.C.
260 Madison Avenue 22nd Floor
New York, NY 10016

Attorneys for Robert John Grabowski
and The Thornwater Company, L.P.

Certified Mail # 7005 1820 0003 7190 3785

Robert John Grabowski
55 Louis Street
Staten Island, NY 10304

Certified Mail # 7005 1820 0003 7190 3792

PAMALA RADZINSK
Executive Secretary