

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 93706 / December 2, 2021**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19494**

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**In the Matter of**

**HCR Wealth Advisors**

**Respondent.**

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**ORDER ESTABLISHING A FAIR  
FUND**

On September 23, 2019, the Commission instituted and simultaneously settled this administrative and cease-and-desist proceeding by issuing the order (the “Order”)<sup>1</sup> against HCR Wealth Advisors (“HCR”). In the Order, the Commission found that the Respondent failed to reasonably supervise, Jeremy Joseph Drake (“Drake”), formerly an investment adviser representative of HCR, and failed to implement reasonable compliance-related policies and procedures in response to red flags about Drake’s handling of client accounts. The Order further found that from 2012 to July 2016, Drake defrauded two HCR clients, a married couple, out of approximately \$1.2 million in management fees, approximately \$900,000 of which Drake received as incentive-based compensation from HCR. During the same period, Drake misappropriated a total of over \$200,000 from the married couple and two other HCR clients to support a struggling restaurant that was majority owned by the married couple and in which Drake held a minority ownership interest.

HCR failed to reasonably supervise Drake and to implement reasonable policies and procedures in response to warnings about Drake’s conduct and did not reasonably investigate when two clients complained about Drake’s handling of their accounts.

The Order required that the Respondent pay a civil money penalty in the amount of \$220,000 to the Commission. The Commission further ordered the funds paid pursuant to the Order be held pending a decision whether the Commission, in its discretion, would seek to distribute the funds or transfer them to the general fund of the U.S. Treasury.

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<sup>1</sup> See Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, Advisers Act Rel. No. 5361 (Sept. 23, 2019).

The Respondent has paid in full, and a total of \$220,000.00 is currently held in a Commission-designated interest-bearing account at the U.S. Department of Treasury's Bureau of the Fiscal Service, pursuant to the Order.

Three of the four investor victims have been fully compensated; however, there remains one uncompensated investor victim. The Division of Enforcement (the "Division") has concluded that a distribution is feasible and appropriate.

The Division now recommends that a Fair Fund be established, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the civil money penalty paid by HCR can be distributed to the remaining investor victim.

Accordingly, IT IS HEREBY ORDERED that pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is established so that the civil money penalty paid by the Respondent can be distributed to the remaining investor victim.

By the Commission.

Vanessa A. Countryman  
Secretary