

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940

Release No. 2660 / September 26, 2007

ADMINISTRATIVE PROCEEDING

File No. 3-12834

In the Matter of C.R. Williams, Inc. and  
Charles Russell Williams II

On September 26, the Securities and Exchange Commission (Commission) instituted public administrative and cease-and-desist proceedings against C.R. Williams, Inc. (CRW), an investment adviser registered with the Commission, and its president, chief executive officer and majority owner, Charles Russell Williams II (Williams), alleging that CRW willfully violated, and Williams caused and willfully aided and abetted CRW's violations of the books and records and reporting provisions of the Investment Advisers Act (Advisers Act).

In the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (Order), the Division of Enforcement (Division) alleges that from at least June 2003 through February 2006, CRW, aided and abetted by Williams, violated the books and records provisions by failing to make and keep: cash receipt journals; disbursement records; general and auxiliary ledgers reflecting asset, liability, reserve, capital, income and expense accounts; and financial statements relating to its investment adviser business. The Division also alleges that CRW, aided and abetted by Williams, violated the reporting provisions by: (1) failing to file its annual reports on amended Form ADV for the fiscal years ended December 31, 2005 and December 31, 2006; and (2) failing to timely file a Form ADV-W after it became ineligible for registration with the Commission. As a result of their conduct, the Division alleges that CRW willfully violated, and Williams caused and willfully aided and abetted CRW's violations of Sections 203A and 204 of the Advisers Act and Rules 203A-1(b)(2), 204-1(a)(1), 204-2(a)(1), 204-2(a)(2) and 204-2(a)(6) promulgated thereunder.

The Division also alleges that Williams has a history of disregarding the books and records and reporting requirements of the Advisers Act. As alleged in the Order, on February 14, 1996, the Commission initiated settled administrative proceedings against Williams and entered an order that found that: (1) Williams had failed to make and keep the same books and records that CRW allegedly has failed to make and keep currently; and (2) Williams had failed to file an annual amended Form ADV-S for fiscal years ended December 31, 1989 through 1994. The February 14, 1996 order imposed a censure on Williams, directed Williams to cease and desist from violating Section 204 of the Advisers Act and certain Rules thereunder, including Rules 204-1, 204-2(a)(1), 204-2(a)(2), and 204-2(a)(6) and imposed a \$5,000 civil penalty. It also required Williams to

adopt, implement and maintain new written policies and procedures to prevent and detect books and records violations, and expressly applied those undertakings to CRW.

A hearing will be held before an Administrative Law Judge to determine whether the allegations in the Order are true, to afford respondents an opportunity to establish any defenses to such allegations, to determine whether remedial action is appropriate, and to determine whether respondents should be ordered to cease and desist from committing or causing violations of and any future violations of the securities laws. The Commission directed that an Administrative Law Judge shall issue an initial decision in this matter within 300 days from the date of service of the Order.