

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73057 / September 10, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16086**

**In the Matter of**

**Charles F. Willis IV,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING A CEASE-  
AND-DESIST ORDER AND CIVIL  
PENALTY**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Charles F. Willis IV (“Willis” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Civil Penalty (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. These proceedings arise out of violations of the beneficial ownership reporting requirements of the federal securities laws.
2. Section 16(a) of the Exchange Act and the rules promulgated thereunder require officers and directors of a company with a registered class of equity securities, and any beneficial owners of greater than 10% of such class, to file certain reports of securities holdings and transactions. Section 16(a) was motivated by a belief that "the most potent weapon against the abuse of inside information is full and prompt publicity" and by a desire "to give investors an idea of the purchases and sales by insiders which may in turn indicate their private opinion as to prospects of the company." H.R. Rep. 73-1383, at 13, 24 (1934). Reflecting this informational purpose, the obligation to file applies irrespective of profits or the filer's reasons for engaging in the transactions. The Sarbanes-Oxley Act of 2002 and Commission implementing regulations accelerated the reporting deadline for most transactions to two business days and mandated that all reports be filed electronically on EDGAR and posted on the company's website to facilitate rapid dissemination to the public.
3. Section 13(d) of the Exchange Act and the rules promulgated thereunder require any person or group who directly or indirectly acquires beneficial ownership of more than 5% of a Section 12 registered equity security to file a statement with the Commission disclosing certain information relating to such beneficial ownership. Section 13(d) is a key provision that allows shareholders and potential investors to evaluate changes in substantial shareholdings. See 113 Cong. Rec. 855 (1967). The duty to file is not dependent on any intention by the stockholder to gain control of the company, but on a mechanical 5% ownership test.
4. While subject to the reporting requirements of Section 16(a) as an officer and director of Willis Lease Finance Corporation ("Willis Lease") and as a greater than 10% beneficial owner of Willis Lease's registered common stock, Respondent violated Section 16(a) on multiple occasions by failing to timely file reports of transactions in Willis Lease's securities. Respondent also violated Section 13(d) on multiple occasions by failing to timely file required amendments to the Schedule 13D Respondent initially filed with respect to his beneficial ownership in Willis Lease.

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

### **Respondent**

5. Willis, age 65, is the founder of Willis Lease and serves as Chief Executive Officer and Chairman of the Board of Directors of Willis Lease. At all relevant times, Respondent is and has been a greater than 10% beneficial owner of Willis Lease's registered common stock and subject to Sections 13(d) and 16(a) of the Exchange Act.

### **Issuer**

6. Willis Lease is a Delaware corporation with its principal place of business in California. Willis Lease's common stock is and has been at all relevant times registered with the Commission under Section 12 of the Exchange Act and traded on the NASDAQ stock market (ticker: WLFC).

### **Applicable Legal Framework**

7. Section 16(a) of the Exchange Act and the rules promulgated thereunder apply to every person who is the beneficial owner of more than 10% of any class of any equity security registered pursuant to Section 12 of the Exchange Act, and any officer or director of the issuer of any such security (collectively, "insiders").

8. Pursuant to Section 16(a) and Rule 16a-3, insiders are required to file initial statements of holdings on Form 3 and keep this information current by reporting transactions on Forms 4 and 5. Specifically, within 10 days after becoming an insider, or on or before the effective date of the Section 12 registration of the class of equity security, an insider must file a Form 3 report disclosing his or her beneficial ownership of all securities of the issuer. To keep this information current, insiders must file Form 4 reports disclosing transactions resulting in a change in beneficial ownership within two business days following the execution date of the transaction, except for limited types of transactions eligible for deferred reporting. Transactions required to be reported on Form 4 include purchases and sales of securities, exercises and conversions of derivative securities, and grants or awards of securities from the issuer. In addition, insiders are required to file an annual statement on Form 5 within 45 days after the issuer's fiscal year-end to report any transactions or holdings that should have been, but were not, reported on Form 3 or 4 during the issuer's most recent fiscal year and any transactions eligible for deferred reporting (unless the corporate insider has previously reported all such transactions).

9. Exchange Act Rule 16a-1(f) defines the term "officer" to include an issuer's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division or function, and any other officer who performs a policy-making function.

10. Although the Commission has encouraged the practice of many issuers to "help their [officers and directors] or submit the [] filings on their behalf . . . [in order] to facilitate accurate and

timely filing,” Section 16 places the responsibility to report changes in securities ownership on insiders.<sup>2</sup>

11. Under Section 13(d)(1) of the Exchange Act, any person who has acquired beneficial ownership of more than 5% of any equity security of a class registered under Section 12 of the Exchange Act must publicly file, within 10 days after the acquisition, a disclosure statement with the Commission. Rule 13d-1(a) requires the statement to contain the information specified by Schedule 13D, which includes, among other things, the identity of the beneficial owners, the amount of beneficial ownership, and plans or proposals regarding the issuer.

12. Section 13(d)(2) of the Exchange Act and Rule 13d-2(a) thereunder require a filer to amend a Schedule 13D promptly as material changes occur in disclosures previously made. An acquisition or disposition of 1% or more of a class of securities is deemed material for purposes of Rule 13d-2. Any delay in filing beyond the date the filing reasonably can be made may not be prompt.<sup>3</sup>

13. There is no state of mind requirement for violations of Sections 16(a) and 13(d) and the rules thereunder.<sup>4</sup> The failure to timely file a required report, even if inadvertent, constitutes a violation.<sup>5</sup>

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<sup>2</sup> Mandated Electronic Filing and Website Posting for Forms 3, 4 and 5, SEC Release No. 34-47809 (May 7, 2003).

<sup>3</sup> Amendments to Beneficial Ownership Reporting Requirements, SEC Release No. 34-39538 (Jan. 12, 1998), at n. 14.

<sup>4</sup> See Lexington Resources Inc., et al., 96 SEC Docket 229, 2009 WL 1684743, at \*17-18 (June 5, 2009) (“A finding of scienter is not required to demonstrate a violation of either [Section 13(d) or 16(a)]”); Robert G. Weeks, et al., 76 SEC Docket 2609, 2002 WL 169185, at \*50 (Feb. 2, 2002) (“No showing of scienter is required to prove violations of these reporting provisions”); see also SEC v. Savoy Indus., Inc., 587 F.2d 1149, 1167 (D.C. Cir. 1978) (“Indeed, the plain language of section 13(d)(1) gives no hint that intentional conduct need be found, but rather, appears to place a simple and affirmative duty of reporting on certain persons. The legislative history confirms that Congress was concerned with providing disclosure to investors, and not merely with protecting them from fraudulent conduct.”).

<sup>5</sup> Cf. Oppenheimer & Co., Inc., 47 SEC 286, 1980 WL 26901, at \*1-2 (May 19, 1980) (“We have previously held that the failure to make a required report, even though inadvertent, constitutes a willful violation”); see generally SEC Release No. 34-47809 (noting that an issuer’s eligibility for temporary relief from disclosing Forms 4 filed one business day late by its insiders “does not change the fact that any Form 3, 4 or 5 filed later than the applicable due date violates Section 16(a)”) (emphasis added); Herbert Moskowitz, 77 SEC Docket 446, 2002 WL 434524, at

**Respondent Failed to File Required Section 16(a) Reports on a Timely Basis**

14. As a greater than 10% beneficial owner of Willis Lease common stock, and as an officer and director of the company, Respondent was subject to the reporting requirements of Exchange Act Section 16(a).

15. Respondent has failed to file on a timely basis multiple required Section 16(a) reports with the Commission, including to report transactions executed on the following dates that were required to be reported on Form 4 within two business days:

<b><u>Form Type</u></b>	<b><u>Date of Trans.</u></b>	<b><u>Due Date</u></b>	<b><u>Date Filed</u></b>
4	8/11/2011	8/15/2011	8/24/2011
4	12/22/2011	12/27/2011	1/3/2012
4	12/23/2011	12/28/2011	1/3/2012
4	12/27/2011	12/29/2011	1/3/2012
4	12/29/2011	1/3/2012	1/5/2012
4	1/3/2012	1/5/2012	1/9/2012
4	1/5/2012	1/9/2012	1/11/2012
4	1/13/2012	1/18/2012	1/20/2012
4	1/19/2012	1/23/2012	2/2/2012
4	1/19/2012	1/23/2012	4/3/2014
4	1/20/2012	1/24/2012	2/2/2012
4	1/23/2012	1/25/2012	2/2/2012
4	1/24/2012	1/26/2012	2/2/2012
4	1/25/2012	1/27/2012	2/3/2012
4	1/26/2012	1/30/2012	2/3/2012
4	1/27/2012	1/31/2012	2/3/2012
4	1/30/2012	2/1/2012	2/3/2012
4	2/3/2012	2/7/2012	2/24/2012

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\*7 (Mar. 21, 2002) (“evidence of both motive for non-disclosure and actual market impact ... is irrelevant” to whether violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder occurred).

<b><u>Form Type</u></b>	<b><u>Date of Trans.</u></b>	<b><u>Due Date</u></b>	<b><u>Date Filed</u></b>
4	3/28/2012	3/30/2012	4/3/2012
4	4/3/2012	4/5/2012	4/11/2012
4	4/4/2012	4/6/2012	4/11/2012
4	4/5/2012	4/9/2012	4/13/2012
4	4/9/2012	4/11/2012	4/13/2012
4	4/10/2012	4/12/2012	4/16/2012
4	4/16/2012	4/18/2012	4/26/2012
4	4/17/2012	4/19/2012	4/26/2012
4	4/18/2012	4/20/2012	4/26/2012
4	4/19/2012	4/23/2012	4/26/2012
4	4/20/2012	4/24/2012	4/26/2012
4	4/24/2012	4/26/2012	5/8/2012
4	4/25/2012	4/27/2012	5/8/2012
4	4/26/2012	4/30/2012	5/8/2012
4	4/27/2012	5/1/2012	5/8/2012
4	4/30/2012	5/2/2012	5/15/2012
4	5/1/2012	5/3/2012	5/15/2012
4	5/2/2012	5/4/2012	5/15/2012
4	5/3/2012	5/7/2012	5/15/2012
4	5/4/2012	5/8/2012	5/15/2012
4	5/7/2012	5/9/2012	5/15/2012
4	5/8/2012	5/10/2012	5/15/2012
4	5/9/2012	5/11/2012	5/15/2012
4	5/11/2012	5/15/2012	5/29/2012
4	5/14/2012	5/16/2012	5/29/2012
4	5/15/2012	5/17/2012	5/29/2012
4	5/16/2012	5/18/2012	5/29/2012
4	5/17/2012	5/21/2012	5/29/2012

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	5/18/2012	5/22/2012	5/29/2012
4	5/21/2012	5/23/2012	5/29/2012
4	5/22/2012	5/24/2012	5/29/2012
4	5/29/2012	5/31/2012	6/6/2012
4	5/30/2012	6/1/2012	6/6/2012
4	5/31/2012	6/4/2012	6/6/2012
4	6/4/2012	6/6/2012	6/13/2012
4	6/5/2012	6/7/2012	6/13/2012
4	6/13/2012	6/15/2012	6/20/2012
4	6/14/2012	6/18/2012	6/20/2012
4	6/18/2012	6/20/2012	6/28/2012
4	6/19/2012	6/21/2012	6/28/2012
4	6/20/2012	6/22/2012	6/28/2012
4	6/21/2012	6/25/2012	6/28/2012
4	6/22/2012	6/26/2012	6/28/2012
4	9/17/2012	9/19/2012	9/24/2012
4	9/18/2012	9/20/2012	9/24/2012
4	9/21/2012	9/25/2012	10/1/2012
4	9/24/2012	9/26/2012	10/1/2012
4	9/25/2012	9/27/2012	10/1/2012
4	11/7/2012	11/9/2012	4/3/2014
4	12/6/2012	12/10/2012	12/13/2012
4	4/9/2013	4/11/2013	4/17/2013
4	11/28/2013	12/2/2013	12/3/2013

16. Among Respondent's late-reported transactions since August 2011 are sales of Willis Lease stock made pursuant to pre-arranged "10b5-1 plans" and his receipt of restricted stock grants. More than half of Respondent's sales during 2011 and 2012 were reported one or more days late.

17. As a result of the conduct described above, Respondent violated Section 16(a) of the Exchange Act and Rule 16a-3 thereunder.

### **Respondent Failed to Timely File Schedule 13D Amendments**

18. At all relevant times, Respondent has been subject to the reporting requirements of Exchange Act Section 13(d) as the beneficial owner of more than 5% of Willis Lease's common stock and remains subject to those requirements. Respondent filed an initial Schedule 13D statement on December 11, 2000, reporting his beneficial ownership as 58.3% of the class of Willis Lease common stock.

19. Subsequently, Respondent did not file any amendment to the Schedule 13D until May 31, 2013, at that time reporting his beneficial ownership as 31.4% of the class of Willis Lease common stock. During this more than 12 year period, Respondent failed to file multiple amendments required as a result of material changes, including:

- The sale of over 117,000 shares of Willis Lease stock from January 3, 2012 to April 19, 2012, representing a disposition equivalent to more than 1% of Willis Lease's outstanding common stock;
- The sale of over 115,000 shares of Willis Lease stock from April 20, 2012 to September 15, 2012, representing a disposition equivalent to more than 1% of Willis Lease's outstanding common stock; and
- The grant of a total of over 120,000 shares of restricted stock on December 17, 2012 and April 9, 2013, representing an acquisition equivalent to more than 1% of Willis Lease's outstanding common stock.

20. After the Commission's enforcement staff contacted Respondent in connection with his delinquent filings, Respondent filed another amendment on August 28, 2013 to, among other things, "reflect amendments to the Initial 13D that should have been made as of" numerous dates between May 30, 2003 and August 11, 2013 and "to amend and restate [the May 31, 2013 amendment] in its entirety."

21. As a result of the conduct described above, Respondent violated Section 13(d) of the Exchange Act and Rule 13d-2 promulgated thereunder.

### **Respondent's Remedial Efforts**

22. Respondent has represented that his delinquent filings resulted from the failure of Willis Lease personnel to make timely filings on his behalf after Respondent provided timely notification of his transactions. Respondent's reliance on Willis Lease does not excuse his

violations because an insider retains legal responsibility for compliance with the filing requirements, including the obligation to assure that the filing is timely and accurately made.<sup>6</sup> In addition, here, Respondent took inadequate and ineffective steps to monitor whether timely and accurate filings were made on his behalf by Willis Lease.

23. In determining to accept Respondent's Offer, the Commission considered certain remedial acts undertaken by Respondent, circumstances relating to Respondent's representations as to reliance, and cooperation afforded to Commission staff.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Willis's Offer.

Accordingly, pursuant to Sections 21B and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-2 and 16a-3 promulgated thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$75,500 to the Securities and Exchange Commission, for transmission to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

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<sup>6</sup> See SEC Release No. 34-47809 (“[A]n insider is legally responsible for filing regardless of who submits a filing on the insider’s behalf”); Ownership Reports and Trading by Officers, Directors and Principal Security Holders, SEC Release 34-37260 (May 31, 1996) (“Each beneficial owner [making a joint or group filing] will retain individual liability for compliance with the filing requirements, including the obligation to assure that the filing is timely and accurately made”); see also Bettina Bancroft, 53 SEC Docket 1955, 1993 WL 81744, at \*3 (Mar. 23, 1993) (“Although the Commission encourages individuals to obtain professional assistance in meeting their filing obligations, Section 16 of the Exchange Act places the responsibility to report changes in securities ownership on insiders.”).

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Charles F. Willis IV as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Robert J. Keyes, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, New York, NY 10281.

By the Commission.

Jill M. Peterson  
Assistant Secretary