

INITIAL DECISION RELEASE NO. 526-A
ADMINISTRATIVE PROCEEDING
FILE NO. 3-15501

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of : CORRECTED INITIAL DECISION MAKING FINDINGS
: AND IMPOSING SANCTIONS BY DEFAULT¹
EDMUND E. WILSON : November 19, 2013

SUMMARY

This Corrected Initial Decision bars Edmund E. Wilson (Wilson) from the securities industry.

I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on September 18, 2013, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Wilson was enjoined against violations of the antifraud and registration provisions of the federal securities laws. Wilson was served with the OIP in accordance with 17 C.F.R. § 201.141(a)(2)(i) on October 16, 2013, and his Answer to the OIP was due within twenty days of service of the OIP on him. See OIP at 2; 17 C.F.R. § 201.220(b). He has not filed an Answer to date. Accordingly, he has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Wilson is in default, and the undersigned finds that the allegations in the OIP are true.² See OIP at 2; 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

Wilson is permanently enjoined from violating these antifraud and registration provisions: Sections 5(a) and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Exchange

¹ This Corrected Initial Decision supplements the Initial Decision issued on November 18, 2013, by adding the required language from 17 C.F.R. § 201.360. There are no other changes except adding the word “Corrected” in the caption and Summary paragraph, changing the release number and date, adding this footnote, and renumbering existing footnotes.

² Wilson was previously advised that if he failed to file an Answer within the time provided, he would be deemed to be in default, and the undersigned would enter an order barring him from the securities industry. See Edmund E. Wilson, Admin. Proc. Rulings Release No. 959 (A.L.J. Oct. 15, 2013). The Division of Enforcement filed a motion for default on November 14, 2013.

Act and Rule 10b-5 thereunder. SEC v. Wilson, No. 2:13-cv-188 (D. Utah Sept. 6, 2013).³ Additionally, he was ordered to pay disgorgement of \$10,987,273.25 plus prejudgment interest of \$5,089,068.90 and a civil penalty of \$8,980,000. Id. at 6-7.

In the wrongdoing underlying his injunction, from September 2005 through June 2012, Wilson, through his company Fountain Group of Companies of Utah, Inc. (Fountain Group), offered and sold securities in unregistered transactions, raising at least \$11 million from sixty investors. Id. at 1. In soliciting investments, Wilson made material misrepresentations and omitted to state material facts to investors regarding, among other things, the use of investor funds and the existence of a bond backed by life settlement policies. Id. He acted with a high degree of scienter. Id.

At the time of his wrongdoing, Wilson was not an associated person of a registered broker-dealer. However, he acted as a broker by: (1) actively soliciting investors; (2) hiring an unregistered sales agent to solicit investors; (3) receiving the investment funds and signing the investment contracts as the president of Fountain Group; and (4) paying transaction-based compensation to the sales agent.

III. CONCLUSIONS OF LAW

Wilson has been permanently enjoined “from engaging in or continuing any conduct or practice in connection with any such activity” as a broker or dealer within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act.

IV. SANCTION

Wilson will be barred from the securities industry.⁴ This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act, and accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Wilson’s unlawful conduct was recurring and egregious.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78o(b), EDMUND E. WILSON IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.⁵

³ Official notice pursuant to 17 C.F.R. § 201.323 is taken of the docket report and the court’s orders in SEC v. Wilson.

⁴ The fact that Wilson was not associated with a registered broker-dealer during his wrongdoing does not insulate him from a bar. See Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring unregistered associated person of an unregistered broker-dealer from association with a broker or dealer).

⁵ Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.⁶

Carol Fox Foelak
Administrative Law Judge

penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, pursuant to Exchange Act Section 15(b)(6)(A), (C).

⁶ A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See Alchemy Ventures, Inc., Exchange Act Release No. 70708, 2013 SEC Lexis 3459, at *5-6 (Oct. 17, 2013) at 5-6.