

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

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 1527/June 16, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15627

In the Matter of

TRI-STAR ADVISORS, INC.,
WILLIAM T. PAYNE, AND
JON C. VAUGHAN

ORDER FOLLOWING PREHEARING
CONFERENCE SETTING PROCEDURAL
SCHEDULE

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Administrative and Cease-and-Desist Proceedings (OIP) pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act) and Section 9(b) of the Investment Company Act of 1940. The OIP alleges that from July 2009 through July 2011, Tri-Star Advisors, Inc. (TSA):

engaged in thousands of securities transactions with advisory clients on a principal basis through an affiliated broker-dealer, without providing prior written disclosure to, or obtaining consent from, the clients; and failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act.

OIP at 1. The OIP alleges further that through these actions TSA willfully violated Sections 206(3) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7, and that William T. Payne and Jon C. Vaughan caused TSA's violations.

The Commission issued the OIP on November 26, 2013, and ordered an Initial Decision no later than 300 days after service of the OIP, or by September 29, 2014. Respondents filed a single Answer on January 22, 2014. Prehearing conferences were held on February 7 and June 9, 2014. At the parties' request, I granted leave to file motions for summary disposition, and on June 2, 2014, I issued an Order Denying Summary Disposition Motions and Scheduling Prehearing Conference (Order), Tri-Star Advisors, Inc., Admin. Proc. Rulings Release No. 1478, 2014 SEC LEXIS 1872.

At the June 9, 2014, prehearing conference, I proposed that the hearing begin on July 21, 2014. By letter dated June 12, 2014, Respondents informed me that this schedule is not possible

because of its trial counsel's outstanding trial commitments; they propose that the hearing begin on August 20, 2014. The Division of Enforcement (Division), in a letter dated June 12, 2014, believes there is no reason to delay the start of the hearing where "virtually no facts are in dispute."

Ruling

The Commission's Rules of Practice state that there shall be approximately four months from the OIP to the hearing. See 17 C.F.R. § 201.360(a)(2). In my June 2, 2014, Order, I advised the parties that they could expect an expedited hearing schedule. Given that this proceeding has been pending almost seven months and only three months remain before the Initial Decision is due, I order the following procedural schedule:

- June 30, 2014: Division provides Respondents with list of its witness and copies of its exhibits, and written testimony of any experts;
- July 7, 2014: Respondents provide the Division with a list of their witnesses, copies of their exhibits, and written testimony of any experts;
- July 21, 2014: Hearing begins at 9:30 a.m. CDT at a location to be determined in Houston, Texas; and
- August 15, 2014: Parties submit post-hearing briefs.

Brenda P. Murray
Chief Administrative Law Judge