

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69307 / April 4, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15262

In the Matter of

GERALD “JERRY” D.
KEGLEY,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934, AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Gerald “Jerry” D. Kegley (“Respondent” or “Kegley”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Gerald “Jerry” D. Kegley and Prism Financial Services, LLC (“Prism”), an entity owned and operated by Kegley, participated in a Prime Bank scheme conducted from at least April 8, 2010, to at least August 20, 2010. For a portion of the time in which he engaged in the conduct underlying the complaint described below, Kegley acted as an unregistered broker-dealer.

B. ENTRY OF THE INJUNCTION

2. On February 25, 2013, a final judgment was entered by default against Kegley, permanently enjoining him from future violations of Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 5 and 17(a) of the Securities Act of 1933, in the civil action entitled Securities and Exchange Commission v. Gerald D. Kegley, Civil Action Number 1:12-CV-01605-TWT, in the United States District Court for the Northern District of Georgia.

3. The Commission's complaint alleges that from at least April 8, 2010 through at least August 20, 2010, Kegley was directly responsible for introducing six individuals, who invested \$1.95 million, to a fraudulent Prime Bank scheme. The complaint alleges that in furtherance of the scheme, Kegley forwarded misrepresentations made by others to investors. These misrepresentations included: 1) that investors could draw upon bank issued guarantees worth millions of dollars without having to repay the withdrawn funds; and 2) that investor funds would be held in escrow until the bank guarantees were issued. The complaint further alleges that Kegley knew or was reckless in not knowing that both of these representations were false because no such bank guarantees existed and investor funds were misappropriated. Kegley also misrepresented to investors that he would be paid commissions only once the investor received the bank guarantee. In fact, Kegley was paid commissions relatively soon after the investors transferred their money. Kegley further told investors that he had previously worked on a successful bank guarantee program. Kegley, however, had actually reported this purportedly successful bank guarantee program to the Federal Bureau of Investigation because he believed it was a fraud. The complaint also alleges that Kegley represented himself to investors in written documents as a "Broker" for the transactions and accepted transaction based compensation, thereby acting as an unregistered broker-dealer.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act;

C. Whether, pursuant to Section 15(b) of the Exchange Act, it is appropriate and in the public interest to bar Kegley from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock; or inducing or attempting to induce the purchase or sale of any penny stock.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary