

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3633 / July 19, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15381

In the Matter of

JOHN HAGENER,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against John Hagener (“Respondent” or “Hagener”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Hagener, age 76, resides in Roseville, California. During 2007 and 2008, Hagener managed Lismar Financial Services, LLC (“Lismar”) and, through Lismar, was also the manager of Naras Secured Fund, LLC and Naras Secured Fund #2, LLC (“Naras Funds”), for which Lismar, and ultimately Hagener, were paid fees.

B. ENTRY OF THE INJUNCTION

2. On April 12, 2013, an order of injunction was entered, by consent, against Hagener, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the

Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1), (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8], in the civil action entitled Securities and Exchange Commission v. Loomis, et al., Case No. 2:10-cv-00458-KJM-KJN in the United States District Court for the Eastern District of California.

3. The Commission’s complaint alleged, among other things, that Hagerer is the father-in-law of defendant Lawrence “Lee” Loomis, formerly of Granite Bay California. As part of a fraudulent scheme, Loomis controlled and operated several related entities, including defendant Loomis Wealth Solutions (“Loomis Wealth”). During 2007 and 2008, Loomis and Hagerer raised over \$10 million from more than 100 investors in the Naras Funds through material misstatements and omissions. The Complaint alleged that Hagerer represented to Naras Fund investors that all Fund loans would be secured by second deeds of trust and that the Naras Funds would operate with a high degree of liquidity and provide a constant 12% annual return. In reality, Hagerer authorized and/or knew about Naras Fund loans that did not receive any security interest in real estate and that did not receive any promised interest payments from the Loomis entities that received the Naras Fund loans. Hagerer therefore deprived the Naras Funds of the promised safety and income from the loans to the various Loomis entities. Additionally, the Complaint alleged that to perpetuate the fraudulent scheme, Hagerer prepared and sent through the mail monthly Naras Funds account statements to investors falsely informing them that they had earned 12 % returns by describing “account” balances that misleadingly implied that their principal was intact and that they were earning such returns, when, in truth, the Naras Funds had been misappropriated and were depleted to fund the operations of other companies related to Loomis. The complaint further alleged that Hagerer participated in the sale of unregistered securities. The Naras Fund investors allegedly suffered about \$10 million in losses. Hagerer received about \$190,000 in payments from the Naras Funds through management fees paid by the Naras Funds to defendant Lismar.

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; and
- B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

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