

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 71427 / January 28, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15696**

**In the Matter of**

**SHAWN C. HEGEDUS,**

**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 Shawn C. Hegedus (“Hegedus” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Hegedus, age 33, is a resident of New York and is currently incarcerated in the Mecklenburg County Jail in Charlotte, North Carolina. From January 2012 to April 2012, which constitutes a portion of the time in which Respondent engaged in the conduct underlying the bill of indictment described below, Respondent was a registered representative associated with Gradient Securities LLC, a broker-dealer registered with the Commission. During this period, Respondent held a Series 7 securities license.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On September 23, 2013, Hegedus was criminally convicted upon the entry of his guilty plea to one count of conspiracy to commit money laundering in violation of Title 18 United States Code, Section 1956(h), and one count of violating Title 18 United States Code, Section 371 by conspiring to commit insider trading, including conspiracy to violate Title 15 United States Code, Sections 78j(b) and 78ff, and Title 17 Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-2 in the United States District Court for the Western District of North Carolina in United States v. Shawn C. Hegedus, No. 3:12cr386.

3. The counts of the bill of indictment to which Hegedus pled guilty alleged, inter alia, that from approximately March 2010 through approximately December 2012, Hegedus engaged in an insider trading conspiracy by knowingly receiving material, nonpublic information about upcoming corporate acquisitions that was stolen from Wells Fargo Securities and its clients, trading profitably in the securities of the companies to be acquired based on the information, and tipping the information to other conspirators who also traded profitably in the securities of the companies to be acquired.

**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 15(b) of the Exchange 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