

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 72476 / June 25, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15948**

	:	
	:	
	:	
In the Matter of	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
THEODORE R. MALONEY, Esq.	:	<b>102(e) OF THE COMMISSION’S RULES OF</b>
	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
Respondent.	:	<b>IMPOSING REMEDIAL SANCTIONS</b>
	:	
	:	
	:	

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Theodore R. Maloney (“Respondent” or “Maloney”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings

---

<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Maloney, age 52, is and has been an attorney licensed to practice in the State of California. He is a Wyoming resident living in Jackson, Wyoming. He served as Chief Executive Officer of MediCor, Ltd. ("MediCor") from approximately September 2003 until April 2007.

2. MediCor was, at all relevant times, a Delaware corporation with its principal place of business in Las Vegas, Nevada. MediCor was engaged in the business of developing and manufacturing breast implants and other medical devices. At all relevant times, MediCor's common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the OTC Bulletin Boards.

3. On January 14, 2011, the Commission filed a complaint against Maloney in SEC v. Theodore R. Maloney (Civil Action No. 02:11-cv-00075-JAD-VCF) in the District Court for the District of Nevada. On March 28, 2014, the Court entered an order permanently enjoining Maloney by consent from future violations of Sections 10(b), 13(b)(5), and 14(a) of the Exchange Act and Rules 10b-5, 13b2-2(a), and 14a-9 thereunder, and aiding and abetting violations of Sections 10(b), 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, and 13a-13 thereunder. Maloney was also ordered to pay a \$100,000 civil money penalty.

4. The Commission's complaint alleged, among other things, that from 2004 through 2006, Maloney prepared, approved and signed financial reports, proxy statements and management representation letters that he knew, or was reckless in not knowing, were materially false and misleading because they falsely stated that MediCor was being funded primarily through its chairman's personal wealth or legitimate transactions with an affiliate controlled by the chairman's family. Maloney allegedly knew that MediCor's chairman could not afford to fund the company and that, in truth, the primary source of MediCor's funding was money removed from a separate company controlled by MediCor's chairman, named Southwest Exchange Corporation ("Southwest"). Southwest was a "qualified intermediary" under Section 1031 of the Internal Revenue Code. The complaint specifically alleged that Maloney helped MediCor's chairman to remove approximately \$45 million from Southwest in 2004 to be used for an acquisition on MediCor's behalf. The complaint also alleged that Maloney knew that MediCor's chairman continued to use moneys appropriated from Southwest to fund MediCor in 2005 and 2006. When the real estate market deteriorated in 2006, Southwest collapsed and was unable to repay

approximately \$97 million owed to its clients. MediCor lost its primary source of funding and declared bankruptcy in June 2007.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Maloney's Offer.

Accordingly, it is hereby ORDERED, pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice, effective immediately, that:

A. Maloney is suspended from appearing or practicing before the Commission as an attorney for five years from the date of the Order.

B. After five years (or 60 months) from the date of the Order, Respondent may request that the Commission consider his application to resume appearing and practicing before the Commission as an attorney. The application should be sent to the attention of the Office of General Counsel.

C. In support of such an application, Respondent must provide a certificate of good standing from each state bar where Respondent is a member.

D. In support of such an application, Respondent must also submit an affidavit truthfully stating, under penalty of perjury:

1. that Respondent has complied with the Order;
2. that Respondent:
  - a. is not currently suspended or disbarred as an attorney by a court of the United States (or any agency of the United States) or the bar or court of any state, territory, district, commonwealth, or possession; and
  - b. since the entry of the Order, has not been suspended as an attorney for an offense involving moral turpitude by a court of the United States (or any agency of the United States) or the bar or court of any state, territory, district, commonwealth, or possession, except for any suspension concerning the conduct that was the basis for the Order;
3. that Respondent, since the entry of the Order, has not been convicted of a felony or misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice; and

4. that Respondent, since the entry of the Order:
  - a. has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, except for any finding concerning the conduct that was the basis for the Order;
  - b. has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
  - c. has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof, to have committed an offense involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and
  - d. has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof, with having committed an offense involving moral turpitude, except for any charge concerning the conduct that was the basis for the Order.

E. If Respondent provides the documentation required in Paragraphs C and D, and the Commission determines that he truthfully attested to each of the items required in his affidavit, he shall by Commission order be permitted to resume appearing and practicing before the Commission as an attorney.

F. If Respondent is not able to truthfully attest to the statements required in Subparagraphs D(2)(b) or D(4), Respondent shall provide an explanation as to the facts and circumstances pertaining to the matter and the Commission may hold a hearing to determine whether there is good cause to permit him to resume appearing and practicing before the Commission as an attorney.

By the Commission.

Jill M. Peterson  
Assistant Secretary