

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 78895 / September 21, 2016**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4533 / September 21, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17527**

**In the Matter of**

**KARL E. HAHN,**

**Respondent.**

**CORRECTED ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Karl E. Hahn (“Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Karl E. Hahn, age 43, is a resident of Manchester, Connecticut. Respondent was a licensed registered representative employed by Deutsche Bank Securities, Inc. from February 2008 through May 2009, and then by Oppenheimer & Co. Inc. from June 2009 through March 2011. Deutsche Bank and Oppenheimer are both dually-registered with the Commission as broker-dealers and investment advisers. Respondent also provided financial and investment advice to and managed the financial assets of certain of his Deutsche Bank customers.

**B. ENTRY OF THE NEW HAMPSHIRE ORDER**

1. On October 18, 2011, the New Hampshire Bureau of Securities Regulation (“Bureau”) and Respondent executed a Consent Order (INV-2010000015). The Bureau permanently revoked Respondent’s broker-dealer representative license with Oppenheimer & Co., Inc. and barred him from any securities licensure in New Hampshire. The Consent Order constitutes a final order of a State securities commission.

2. Respondent agreed to findings of fact in the Consent Order which established violations of the securities laws. First, in 2008-2009, Respondent introduced three of his customers to his neighbor, an insurance agent, to purchase high-value life insurance policies. As a result of this introduction and the subsequent purchase of policies by his customers, Respondent’s father, who lived with Respondent and otherwise had no involvement in the transaction, received \$600,000 in commissions. Respondent did not disclose his father’s receipt of the commissions to his customers, causing a conflict of interest about which his customers should have been made aware. In addition, Respondent, from March 2009 through April 2010, outside of his employment from Deutsche Bank and Oppenheimer, fraudulently induced a customer to make a \$2,285,000 investment in a fictitious real estate investment, in which the customer lost his entire investment. In January 2011, while under oath, Respondent made material misstatements and concealed information from the Bureau about his involvement with this outside real estate investment.

### 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; and
- C. 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 as provided for in the Commission's Rules of Practice.

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.

By the Commission.

Brent J. Fields  
Secretary