

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 91111 / February 11, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-16753

In the Matter of :
 :
 :
 SIGNATOR INVESTORS, INC. :
 and :
 GREGORY J. MITCHELL, :
 :
 Respondents. :

ORDER APPROVING
PLAN OF DISTRIBUTION

ADMINISTRATIVE PROCEEDING
File No. 3-16754

In the Matter of :
 :
 :
 CORY D. WILLIAMS :
 :
 Respondent. :

On August 13, 2015, the Commission issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions against Signator Investors, Inc. (“Signator”), a registered broker-dealer and investment adviser and Gregory J. Mitchell (“Mitchell”), a Director of Compliance at Signator (the “Signator and Mitchell Order”)¹. Also, on August 13, 2015, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order against Cory D. Williams

¹ Exchange Act Rel. No. 75690 (Aug. 13, 2015).

(“Williams”), a registered representative and investment adviser representative at Signator (collectively, with the Signator and Mitchell Order, the “Orders”).²

In the Orders, the Commission found that Signator and Mitchell failed reasonably to supervise James R. Glover (“Glover”) and Williams, former registered representatives and investment adviser representatives at Signator with a view of preventing and detecting Glover’s and Williams’ violations of the federal securities laws. While associated with Signator, from approximately May 1998 through May 2012, Glover conducted an offering fraud that defrauded approximately 125 Signator advisory clients and brokerage customers of approximately \$13.5 million by soliciting them to invest in Colonial Tidewater Realty Income Partners, LLC (“CTRIP”), a security not approved for sale by Signator’s representatives. Glover made materially false and misleading statements regarding the financial health of CTRIP, the expected returns and risk of investing, and deceived investors by, among other things, creating the false impression that CTRIP was a Signator-approved investment. Glover and Williams met with investors to discuss investments in CTRIP in Signator’s offices and provided clients with reports generated from Signator computer systems that included false valuations of their CTRIP investments. Williams assisted Glover in managing Signator’s advisory client portfolios, including clients who invested in CTRIP. Williams also breached his fiduciary duty to his clients by failing to disclose to them that he had received undisclosed fees from CTRIP. Williams knew that a substantial number of his advisory client were investing in CTRIP, but he knew virtually nothing about this unregistered offering, except that it was not an investment sanctioned or approved by Signator.

As a result of the conduct described in the Orders, the Commission ordered Signator to pay a civil penalty of \$450,000; Mitchell to pay a civil penalty of \$15,000, and Williams to pay disgorgement of \$94,191, prejudgment interest of \$9,854 and a civil penalty of \$94,191.

Signator and Mitchell have paid the amounts ordered by the Commission (\$465,000). Williams has defaulted on his payment.

The Signator and Mitchell Order created a fair fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the civil penalties, along with the disgorgement and prejudgment interest, can be distributed to harmed investors (the “Fair Fund”), and further provides that the Fair Fund, may accept funds paid in a related or federal court action or administrative proceeding arising out of the same underlying facts.

On August 13, 2015, the Commission also filed a related civil action (the “Civil Action”) in the District Court of Maryland against CTRIP, Glover and Sherman T. Hill (“Hill”).³ On August 20, 2015, the Court entered Final Judgments against CTRIP, Glover and Hill, ordering: CTRIP to pay \$1,319,386 (disgorgement of \$527,844, prejudgment interest of \$66,542, and a civil penalty of \$725,000); Glover to pay \$1,354,105 (disgorgement of \$839,128, prejudgment interest of \$64,977, and a civil penalty of \$450,000); and Hill to pay a civil penalty of \$75,000.

² Exchange Act Rel. No. 75691 (Aug. 13, 2015).

³ *SEC v. Colonial Tidewater Realty Income Partners, LLC, et al.*, Civ. Act. No. 1:15-cv-02401-ELH (D. Md., Aug. 13, 2015).

The Commission has recovered a total of \$534,735.15 from the Civil Action which, has been added to Fair Fund.

The Fair Fund consists of the \$465,000 paid by Signator and Mitchell, together with the \$534,735.15 recovered from the Civil Action for a total of \$999,735.13. Any additional funds collected from the Civil Action or received from Williams will be added to the Fair Fund for distribution to investors, pursuant to the Plan. The Fair Fund is currently deposited in an interest-bearing account at the United States Department of the Treasury's Bureau of Fiscal Service ("BFS"), and all interest accrued will be added to the Fair Fund.

On December 31, 2020, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (the "Notice")⁴ pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans.⁵ The Notice advised interested parties that they could obtain a copy of the proposed Plan of Distribution (the "Plan") from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Noel Gittens, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876.

The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the publication of the Notice (1) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (2) by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (3) by sending an e-mail to rule-comments@sec.gov. The Commission received no comments on the Plan during the comment period.

The Plan provides for the distribution of the Net Available Fair Fund⁶ to investors who were harmed as a result of the fraudulent conduct in the Commission's Orders, and who suffered losses as calculated by the methodology described in paragraph 19 of the Plan.

The Division of Enforcement now requests that the Commission approve the Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission's Rules on Fair Fund and Disgorgement Plans,⁷ that the Plan is approved, and posted simultaneously with this order on the Commission's website at www.sec.gov.

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

Vanessa A. Countryman
Secretary

⁴ Exchange Act Rel. No. 90836 (Dec. 31, 2020).

⁵ 17 C.F.R. § 201.1103.

⁶ Capitalized terms used herein, but not defined shall have the same meanings ascribed to them in the Plan.

⁷ 17 C.F.R. § 201.1104.