

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 92324 / July 2, 2021

INVESTMENT ADVISERS ACT OF 1940
Release No. 5765 / July 2, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20386

In the Matter of

MICHAEL BARRY CARTER,

Respondent.

**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,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

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 Michael Barry Carter (“Carter” or “Respondent”).

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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this 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, 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. Carter was employed by Financial Institution A as an investment adviser representative and registered representative in McLean, VA from August 2006 until April 2011 and again from November 2011 until he was terminated in July 2019 in connection with the conduct described herein. Financial Institution A is an investment adviser and broker dealer registered with the Commission. Carter, 46 years old, is a resident of Knoxville, Tennessee.

2. On June 30, 2021, a final judgment was entered by consent against Carter, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Michael Barry Carter, Civil Action Number 20-cv-2112, in the United States District Court for the District of Maryland.

3. The Commission’s complaint alleged that from approximately October 2007 through May 2019, Carter misappropriated approximately \$6 million from brokerage customers and an elderly investment advisory client while he served as their financial advisor at Financial Institution A. The complaint alleged that Carter carried out his scheme by falsifying internal forms to effect approximately 60 unauthorized cash wire transfers from the customers’ and client’s accounts to his personal bank account at another financial institution.

4. On July 20, 2020, Carter pled guilty to Wire Fraud [18 U.S.C § 1343] and Investment Advisers Fraud [15 U.S.C. §§ 80b-6 and 80b-17] before the United States District Court for the District of Maryland, in United States v. Michael Barry Carter, Crim. No. 20-cr-151. On March 29, 2021, a judgment in the criminal case was entered against Carter. He was sentenced to a prison term of 60 months followed by three years of supervised release and ordered to make restitution in the amount of \$4,355,110.39.

5. The counts of the criminal information to which Carter pled guilty alleged, inter alia, that Carter misappropriated over \$6 million from customers and clients while he served as their financial advisor, by effecting numerous unauthorized transactions from their accounts.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Carter’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Carter be, and hereby is barred from

association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Carter be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary