

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96008 / October 7, 2022

INVESTMENT ADVISERS ACT OF 1940
Release No. 6163 / October 7, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21204

In the Matter of

LEROY KING,

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
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 Leroy King (“Respondent” or “King”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. King, a dual citizen of both the United States and Antigua and Barbuda (“Antigua”), served as the Administrator and Chief Executive Officer of the Financial Services Regulatory Commission (“FSRC”), an agency of the Antiguan government, from approximately 2002 to 2009. As such, King was responsible for Antigua’s regulatory oversight of the investment portfolio of Stanford International Bank, Ltd. (“SIBL”), which sold purported certificates of deposit to investors. In 2009, King was a member of the board of directors of ASD Financial Services Corp (“ASD Financial”), a U.S. registered broker-dealer and investment adviser based in Miami, Florida. King, 76 years old, is currently in custody at the FCI Butner Medium I.

B. ENTRY OF RESPONDENT'S CRIMINAL CONVICTION

2. On January 30, 2020, King pleaded guilty to (1) obstructing a proceeding before the Commission, in violation of 18 U.S.C. § 1505 and § 2, and (2) conspiracy to obstruct a Commission proceeding, in violation of 18 U.S.C. § 371, before the United States District Court for the Southern District of Texas in *United States v. Leroy King*, Case No. 4:09-cr-00342-5. On March 2, 2021, a judgment was entered in the criminal case against King. The court sentenced King to a prison term of 120 months, three years of supervised release following his jail term, and a \$200 fine.

3. In connection with his plea agreement, King admitted that:

(1) As the Administrator and Chief Executive Officer of FSRC, an agency of the Antigua government, he was “responsible for Antigua’s regulatory oversight of SIBL’s investment portfolio, including the review of SIBL financial reports and the response to requests by foreign regulators, including the SEC, for information and documents about SIBL’s operations.”

(2) He accepted approximately \$520,963.87 in cash payments, Super Bowl tickets, and “repeated flights on private jets owned and controlled by Stanford or SFG entities,” in exchange for:

- (a) “Causing the FSRC to fail to exercise its regulatory function by independently verifying the existence and value of SIBL’s investments, instead relying on the numbers provided by Stanford, Davis, and others;
- (b) Corruptly providing to Stanford, Davis, and others information about official inquiries that the FSRC had received from multiple regulators, including the SEC...;
- (c) Allowing Stanford and his employees to draft responses back to these regulators that contained false and misleading statements and assertions, after which FSRC letterhead would be attached, and the letter would be sent out as if it had been prepared by the FSRC; and
- (d) Making false representations in response to the official inquiries of regulators, including the SEC.”

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 before the Commission 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 by further order of the Commission, pursuant to 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(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference 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 King by any means permitted by the Commission's Rules of Practice.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to service of

paper copies, service to the Division of Enforcement of all opinions, orders, and decisions described in Rule 141, 17 C.F.R. § 201.141, and all papers described in Rule 150(a), 17 C.F.R. § 201.150(a), in these proceedings shall be by email to the attorneys who enter an appearance on behalf of the Division, and not by paper service.

Attention is called to Rule 151(a), (b), and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b), and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filings in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at <http://www.sec.gov/eFAP>. Respondent also must serve and accept service of documents electronically. All motions, objections, or applications will be decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

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.

Vanessa A. Countryman
Secretary