

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98246 / August 30, 2023

INVESTMENT ADVISERS ACT OF 1940
Release No. 6390 / August 30, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21204

In the Matter of

LEROY KING,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940**

I.

On October 7, 2022, the Securities and Exchange Commission (“Commission”) issued an 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 against Respondent Leroy King (“Respondent”).

II.

In connection with 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 Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III.

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

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 FCI Butner in Butner, North Carolina.

2. On May 9, 2023, a final judgment was entered by consent against King, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”), in the civil action entitled *Securities and Exchange Commission v. Stanford International Bank, Ltd., et al.*, Civil Action Number 3:09-CV-0298, in the United States District Court for the Northern District of Texas.

3. The Commission’s Second Amended Complaint alleged that King accepted bribes and other non-cash benefits from Robert Allen Stanford, the owner of SIBL. In exchange, King obstructed the Commission’s investigation into SIBL and abdicated FSRC’s oversight responsibilities over SIBL by representing that the FSRC had examined SIBL and that SIBL had conducted its banking business in a manner the FSRC considered to be “fully compliant,” when in fact King promised Stanford that FSRC would not audit SIBL’s investment portfolio. In addition, the Second Amended Complaint alleged that King withheld information from the Commission, shared with Stanford the Commission’s confidential inquiry to the FSRC (which sought assistance in its investigation of SIBL), and allowed Stanford to outline how King should respond to the inquiry.

4. On January 30, 2020, King pleaded guilty to obstructing a proceeding before the Commission, in violation of 18 U.S.C. § 1505 and § 2 and to conspiracy to obstruct a Commission proceeding, in violation of 18 U.S.C. § 1505, before the United States District Court for the Southern District of Texas, in *United States v. Leroy King*, Case No. 4:09-cr-00342. On February 24, 2021, King was sentenced to 10 years in prison.

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

(1) As the Administrator and Chief Executive Officer of FSRC, an agency of the Antiguan 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) “Defendant is pleading guilty because he is in fact guilty of the charges contained in Counts Nineteen and Twenty of the Indictment. If [his criminal case] were to proceed to trial, the United States could prove each

element of the offense beyond a reasonable doubt. The following facts, among others would be offered to establish Defendant's guilt: ..."

... that Defendant accepted approximately \$520,963.87 in cash payments, Super Bowl tickets, and "repeated flights on private jets owned or controlled by Stanford or SFG entities," in exchange for:

- "a) Causing the FSRC to fail to exercise its regulatory functions 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."

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent King'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 King be, and hereby is, barred from association with any broker, dealer, or investment adviser; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent King 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