UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 105993 / July 27, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22663

In the Matter of **HEXT CAPITAL PARTNERS, LLC and GREGORY W. HEXT, CPA,** **Respondents.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Hext Capital Partners, LLC ("Hext Capital") and Gregory W. Hext ("Hext," and together with Hext Capital, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the "Offers") 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, and without admitting the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V with respect to Respondent Hext, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that:

Summary

1. These proceedings arise out of registered broker-dealer Hext Capital's violations of the net capital requirements of the Exchange Act between February 2023 and September 2025 (the "Relevant Period"). For much of the Relevant Period, Hext Capital was conducting a securities business while net capital deficient because Hext signed an agreement making Hext Capital a co-obligor on a line of credit with an outstanding balance that exceeded the value of its assets. Hext did not send the agreement to Hext Capital's Chief Compliance Officer to be included in Hext Capital's net capital calculations or otherwise ensure that Hext Capital held sufficient net capital in light of this new obligation. In addition, Hext Capital became net capital deficient on at least three other occasions during the Relevant Period when it was not a co-obligor on the line of credit. Hext Capital violated the net capital requirements by becoming net capital deficient and engaging in a securities business while net capital deficient, and Hext's conduct with respect to the line of credit caused a substantial portion of these violations.

Respondents

2. Hext Capital, a Texas limited liability company with its principal place of business in Dallas, Texas, has been registered with the Commission as a broker-dealer since July 3, 1993.

3. Hext, 70, is a resident of Plano, Texas. Hext is Hext Capital's principal owner and managing member, and he has been a registered representative of Hext Capital since March 2008. Hext was a registered representative of two other registered broker-dealers from January 2000 to May 2000 and from August 2005 to March 2008. Hext has been licensed by the Texas State Board of Public Accountancy as a certified public accountant since 1985.

Facts

A. The Net Capital Rule

4. Section 15(c)(3) of the Exchange Act prohibits a broker or dealer from, among other things, making use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security in contravention of such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility and related practices of brokers or dealers. Rule 15c3-1, promulgated thereunder (the "net capital rule"), requires that a broker-dealer "at all times have and maintain net capital no less than the greater of the highest minimum requirement" applicable to its

[1] The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

business. The net capital rule requires different minimum amounts of net capital based on the nature of a firm's business (for example, whether the firm holds customer funds or securities), and the method a firm uses in computing its net capital. The rule is designed to require a broker-dealer to maintain sufficient liquid assets to meet all obligations to customers and counterparties and have adequate additional resources to wind down its business in an orderly manner without the need for a formal proceeding if the firm fails financially.

5. The net capital rule requires that a broker-dealer perform two calculations: (i) a computation of the minimum net capital the broker-dealer must maintain; and (ii) a computation of the amount of net capital the broker-dealer is maintaining. The minimum net capital requirement is the greater of a fixed-dollar amount specified in the net capital rule or an amount determined by applying one of two financial ratios.[2]

6. The minimum fixed dollar amount for Hext Capital during the Relevant Period was $5,000.

B. The Net Capital Deficiencies

7. During the Relevant Period, Hext Capital spot-tested its compliance with the net capital rule on a monthly basis rather than ensuring that it was in compliance at all times as required. These limited tests revealed that Hext Capital had become net capital deficient on nine occasions, seven of which occurred in a span of 15 months. Its actual compliance was worse, however, because Hext had caused Hext Capital to incur a substantial debt obligation that was not included in these calculations.

8. Prior to the Relevant Period, an affiliate of Hext Capital (the "Affiliate") entered into a $500,000 line of credit ("LOC") with a Dallas-based bank (the "Bank"). On February 6, 2023, Hext requested an increase in the LOC, and he sent the Bank updated financial statements for the Affiliate, as well as financial statements for Hext Capital.

9. In response to Hext's email, the Bank approved an increase in the LOC to $650,000, and it sent Hext documents effectuating an increase in the LOC and adding Hext Capital as a co-obligor on it. Hext represented to Commission staff that he was unaware the Bank had done so; however, on March 17, 2023, Hext signed the documents in his capacity as managing member of Hext Capital and as principal of the Affiliate, making Hext Capital a co-obligor on the LOC. At that time, the outstanding balance on the LOC was $500,000. Hext Capital, as co-obligor, was liable for the entire amount, and Hext Capital's assets were substantially less than $500,000, resulting in a net capital deficiency.

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[2] The Aggregate Indebtedness Standard, set forth in Exchange Act Rule 15c3-1(a)(1)(i), requires that a firm's aggregate indebtedness not exceed 1500% of its net capital (or 800% of its net capital for 12 months after commencing business as a broker or dealer). The Alternative Standard, set forth in Exchange Act Rule 15c3-1(a)(1)(ii), requires that a firm's net capital must not be less than the greater of $250,000 or 2% of aggregate debit items computed in accordance with a specified formula. A broker-dealer can elect to be subject to the Alternative Standard, but must notify its Examining Authority of its election to operate under that standard, and must continue to operate under that standard unless a change is approved upon application to the Commission.

10. Between March 20, 2023 and March 31, 2023, the Bank advanced an additional $150,000 on the LOC to the Affiliate, raising the outstanding balance to $650,000. Between March 31, 2023 and August 28, 2024—the date Hext Capital was removed as a co-obligor on the LOC—the outstanding balance on the LOC never fell below $600,000, an amount consistently far in excess of Hext Capital's assets. Consequently, Hext Capital was net capital deficient for the entire time that it was a co-obligor on the LOC. During this period, Hext Capital conducted a securities business and received transaction-based income without maintaining the required amount of net capital.

11. Hext did not send a copy of the line-of-credit documents to Hext Capital's Chief Compliance Officer. As a result, the LOC was not included in Hext Capital's net capital calculations.

12. Three of the nine instances on which Hext Capital identified a net capital deficiency were outside the period in which it was a co-obligor on the LOC, including in February 2023, November 2024, and September 2025. The other six instances on which Hext Capital identified a net capital deficiency were during the period that it was already net capital deficient because it was a co-obligor on the LOC.

Violations

13. As a result of the conduct described above, Hext Capital violated Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder, which require broker-dealers to maintain minimum net capital while conducting a securities business.

14. As a result of the conduct described above, Hext caused Hext Capital's violations of Section 15(c)(3) of the Exchange Act and Rule 15c3-1 thereunder, which require broker-dealers to maintain minimum net capital while conducting a securities business.

Respondents' Remedial Efforts

15. In determining to accept Respondents' Offers, the Commission considered certain remedial acts undertaken by Respondents.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 21C of the Exchange Act, Respondents Hext Capital and Hext cease and desist from committing or causing any violations and any future violations of Section 15(c)(3) of the Exchange Act and Rule 15c3-1(a) thereunder.

B. Respondent Hext Capital shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

C. Respondent Hext shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $10,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

D. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Hext Capital or Hext as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Mark R. Sylvester, Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 100 Pearl St., Suite 20-100, New York, NY 10004.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Hext, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Hext under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Hext of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary