

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 77826 / May 12, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4386 / May 12, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17251

In the Matter of

John Steven Blount,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934, 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 John Steven Blount (“Respondent” or “Blount”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From September 1992 through December 2001, Blount was a registered representative with NYLife Securities, Inc., a registered broker-dealer. From January 2002 through August 2003, Blount was a registered representative with Pan-American Financial Advisers, a Louisiana-based broker-dealer which withdrew its registration with the Commission on January 1,

2007. From approximately June 1, 2007, through December 17, 2014, Respondent offered and sold securities to individual investors while acting as an unregistered investment adviser and broker. Respondent, 55 years old, is a resident of Lake Charles, Louisiana.

B. RESPONDENT'S CRIMINAL CONVICTION

1. On July 16, 2015, Blount pled guilty in the United States District Court for the Western District of Louisiana to wire fraud in violation of Title 18, United States Code Section 1343. On October 29, 2015, he was sentenced to imprisonment for 235 months (19.58 years) and ordered to pay approximately \$4.3 million in restitution. *USA v. John Steven Blount*, No. 15-CR-00143 (W.D. La.) (Oct. 29, 2015). Blount is currently in custody at the Calcasieu Correctional Center in Lake Charles, Louisiana, awaiting transfer to a Federal Bureau of Prisons facility.

2. In his plea agreement, Blount stipulated that that from approximately June 1, 2007, through December 17, 2014, he orchestrated a Ponzi scheme while acting as an unregistered investment adviser and broker. While holding himself out as an investment adviser and broker, Blount solicited investors and offered at least 72 investors the opportunity to invest in certain fictitious securities and received approximately \$5.8 million. These investors were primarily elderly and retired and invested all or substantially all of their respective retirement funds. Using an internet website, personal, familial, business and charitable connections, Blount represented to investors that he would ensure their retirement goals were met with “financial products including IRA’s, health insurance, life insurance and investments” and offered personal and business financial planning, retirement funding, annuities, life insurance and individual retirement accounts. To allegedly meet their retirement goals, Blount personally induced investors to purchase various securities such as bonds, investment contracts and promissory notes and guaranteed exorbitant returns ranging up to 19 percent. In actuality, these securities did not exist and Blount simply used the investors’ funds for his own personal use. In order to keep the scheme operating, Blount admitted that he fabricated account statements and sent them to investors and used a portion of the most recent investors’ funds to make lulling payments to prior investors to give them a false impression of the performance of their investments.

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)(6) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

D. Whether, pursuant to Section 15(b)(6) of the Exchange Act, it is appropriate and in the public interest to bar Blount from participating in any offering of 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.

IV.

IT IS ORDERED that a public hearing 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, and before an Administrative Law Judge to be designated by further order as provided by 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 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing 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 Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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.

By the Commission.

Brent J. Fields
Secretary