

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Rel. No. 75135 / June 9, 2015

Admin. Proc. File No. 3-16497

In the Matter of  
R. SCOTT PEDEN, ESQ.

ORDER DENYING MOTION TO LIFT  
TEMPORARY SUSPENSION AND  
DIRECTING HEARING

R. Scott Peden, Esq., petitions us, pursuant to Rule 102(e)(3)(ii) of the Commission's Rules of Practice, to lift his temporary suspension from appearing or practicing before the Commission as an attorney.<sup>1</sup> For the reasons set forth below, we deny the petition and set the matter down for a hearing before an administrative law judge.

On January 3, 2012, the Commission filed a complaint against Peden and others in district court alleging, among other things, that Peden, who was General Counsel and Secretary of Life Partners Holdings, Inc. ("LPHI"), a publicly traded financial services company, aided and abetted the violation of Section 13(a) of the Securities Exchange Act of 1934 and Rules 12b-20, 13a-1, and 13a-13 thereunder.<sup>2</sup> Specifically, the complaint alleged that Peden knowingly aided and abetted the submission of numerous false or misleading statements in LPHI's filings with the Commission. Those filings materially misstated LPHI's net income from fiscal year 2006 through the third quarter of fiscal year 2011 by prematurely recognizing revenues and understating impairment expenses related to LPHI's investments in fractional interests of life insurance policies in the secondary market known as "life settlements."

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<sup>1</sup> 17 C.F.R. § 102(e)(3)(ii) (providing that "[a]ny person temporarily suspended from appearing and practicing before the Commission . . . may, within 30 days after service upon him or her of the order of temporary suspension, petition the Commission to lift the temporary suspension").

<sup>2</sup> *SEC v. Life Partners Holdings, Inc., et al.*, No. 1:12-cv-00033-JRN-AWA (W.D. Tex. Jan. 3, 2012).

On January 16, 2015, the district court entered a final judgment that permanently enjoined Peden from violating the aforementioned provisions of the Exchange Act and ordered him to pay a \$2 million civil penalty.<sup>3</sup>

On April 16, 2015, based on the permanent injunction, we instituted administrative proceedings pursuant to Rule 102(e)(3)(i)(A) and imposed a temporary suspension on Peden.<sup>4</sup> We found that a court of competent jurisdiction had permanently enjoined Peden, an attorney licensed to practice in Texas, from violating the federal securities laws.<sup>5</sup> In light of this finding, we deemed it "appropriate and in the public interest" that Peden be temporarily suspended from appearing or practicing before the Commission as an attorney.<sup>6</sup> We advised that the temporary suspension would become permanent unless Peden filed a petition seeking to lift it within thirty days after service of the April 16, 2015 order.

On May 13, 2015, Peden filed a petition to lift his temporary suspension. In the petition, he requested "a hearing on this matter and that, following such hearing, the Commission lift the temporary suspension and reinstate [his] ability to appear or practice before the Commission." The Office of the General Counsel filed an opposition in which it agreed that a hearing should be held but otherwise argued that the petition should be denied.

We have determined to deny Peden's petition. As previously discussed, in our April 16, 2015 order, we deemed it "appropriate and in the public interest" to temporarily suspend Peden. Peden has not provided, nor do we find, any basis to question or revisit that determination. A court of competent jurisdiction has permanently enjoined him from violating the securities laws. The findings made in the injunctive proceeding, which Peden is precluded from contesting here,<sup>7</sup> and the permanent injunction entered against him justify continuing the temporary suspension

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<sup>3</sup> *SEC v. Life Partners Holdings, Inc., et al.*, No. 1:12-cv-00033-JRN-AWA (W.D. Tex. Jan. 16, 2015).

<sup>4</sup> *R. Scott Peden, Esq.*, Exchange Act Release No. 74752, 2015 WL 1732553 (Apr. 16, 2015). Rule 102(e)(3)(i)(A) provides that "[t]he Commission, with due regard to the public interest and without preliminary hearing, may, by order, temporarily suspend from appearing or practicing before it any attorney . . . who has been by name: (A) permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder." 17 C.F.R. § 201.102(e)(3)(i)(A).

<sup>5</sup> *Peden*, 2015 WL 1732553, at \*1.

<sup>6</sup> *Id.*

<sup>7</sup> *See* 17 C.F.R. § 201.102(e)(3)(iv) (stating that, in any hearing held on a petition filed in accordance with Rule 102(e)(3)(ii), the petitioner may not contest any findings made against him in the underlying proceeding).

pending a hearing to determine what, if any, remedial sanctions may be appropriate to protect the integrity of our processes.<sup>8</sup>

Accordingly, IT IS ORDERED that R. Scott Peden, Esq.'s petition to lift the temporary suspension is denied, and that the temporary suspension will remain in effect pending a hearing and decision in this matter; it is further

ORDERED that this proceeding be set down for a public hearing before an administrative law judge in accordance with Commission Rule of Practice 110. As specified in Rule of Practice 102(e)(3)(iii), the hearing shall be expedited in accordance with Rule of Practice 500; and it is further

ORDERED that the administrative law judge shall file an initial decision no later than 210 days from the date of service of this order.

By the Commission.

Brent J. Fields  
Secretary

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<sup>8</sup> See, e.g., *Robert C. Weaver, Esq.*, Exchange Act Release No. 73949, 2014 WL 7366048, at \*2 & n.10 (Dec. 29, 2014) (order denying motion to lift temporary suspension and setting matter down for hearing).