SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

INVESTMENT ADVISERS ACT OF 1940
Release No. 6475 / November 3, 2023

Admin. Proc. File No. 3-19795

In the Matter of

STACY L. BEANE

OPINION OF THE COMMISSION

INVESTMENT ADVISER PROCEEDING

Grounds for Remedial Action

Injunction

Respondent was permanently enjoined from aiding and abetting violations of the securities laws. *Held*, it is in the public interest to bar respondent from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

APPEARANCES:

Donald F. Samuel, of Garland Samuel & Loeb, for Stacey L. Beane

Edward G. Sullivan, for the Division of Enforcement

On May 12, 2020, we instituted administrative proceedings against Stacy L. Beane, pursuant to Section 203(f) of the Investment Advisers Act of 1940.[1] On August 5, 2020, the Division of Enforcement moved for summary disposition and to impose an associational bar. Beane does not oppose summary disposition, but argues that remedial action against her is neither necessary nor in the public interest. Based on a review of the record, we find that it is in the public interest to bar Beane from the securities industry.

I. Background

On May 1, 2020, Beane consented to being permanently enjoined by the U.S. District Court for the Eastern District of North Carolina from aiding and abetting violations of Advisers Act Section 204(a) and Rule 204-2 thereunder[2] for her role in assisting a registered investment adviser in providing false and inaccurate records to Commission staff.[3] In her consent agreement, Beane indicated that she understood that she would "not be permitted to contest the factual allegations of the complaint" in "any disciplinary proceeding before the Commission based on the entry of the injunction."[4] She further acknowledged that the consent agreement "resolve[d] only the claims asserted" in the injunctive action and that "the Court's entry of a permanent injunction may have collateral consequences under federal or state law."[5]

The Commission's Complaint alleged that Beane and two co-defendants helped Stephen Peters in his attempt to hide from the Commission a Ponzi scheme that Peters perpetrated through three entities he controlled: VisionQuest Wealth Management, LLC, a registered investment adviser ("VQ Management"); VisionQuest Capital, LLC ("VQ Capital"), and VQ Wealth, LLC ("VQ Wealth" and, collectively, the "VQ Entities").[6] The Complaint alleged that

---

[1] *Stacy L. Beane*, Investment Advisers Act Release No. 5501, 2020 WL 2465530, at *1 (May 12, 2020).

[2] 15 U.S.C. § 80b-4(a) (providing that that investment advisers "shall make and keep for prescribed periods such records …, furnish such copies thereof, and make and disseminate such reports as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors"); 17 C.F.R. § 275.204-2 (requiring investment advisers to "make and keep true, accurate and current" specified books and records relating to its investment advisory business).

[3] *SEC v. Beane*, 5:20-cv-95, ECF No. 9 (E.D.N.C. May 1, 2020) (ordering permanent injunction). The court later ordered Beane to pay a $7,500 civil penalty. *Id.*, ECF No. 21 (Jan. 19, 2021) (imposing civil penalty).

[4] *Id.*, ECF No. 9.

[5] *Id.*, ECF No. 9.

[6] The Commission instituted separate proceedings against Beane's co-defendants. *See Travis Laska*, Advisers Act Release No. 5502, 2020 WL 2465531 (May 12, 2020) (instituting proceedings); *Travis Laska* (Nov. 3, 2023) (imposing industry bar) https://www.sec.gov/litigation/opinions.htm; *Justin N. Deckert*, Advisers Act Release No. 5500, 2020 WL 2465529 (May 12, 2020) (instituting proceedings, accepting offer of settlement, and

Peters offered and sold approximately $10 million in promissory notes issued by VQ Capital to at least 60 investors, the majority of whom where elderly and retired VQ Management advisory clients. Peters told numerous investors that VQ Capital would invest the offering proceeds into revenue-producing businesses and that neither he nor VQ Management would receive any compensation for their investment in the VQ Capital notes. But Peters diverted at least two-thirds of the money raised for his own benefit or to pay interest to, or redeem, earlier investors.

Commission staff began an examination of VQ Management in September 2016, and Commission enforcement staff began an investigation around February 2017. During the examination and ensuing investigation, Commission staff requested documents related to the offer and sale of the VQ Capital notes to VQ Management's advisory clients and the outside business activities of VQ Management employees, including Peters. In responding to those requests, Beane—who according to the Complaint "worked as a bookkeeper/accountant for one or more of the VQ Entities"—created false outside business activity disclosures to make it look like Peters and other VQ Management personnel had disclosed to VQ Management's compliance officer the potential conflict of interest relating to the sale of VQ Capital notes to VQ Management's advisory clients. Beane backdated these forms before the Commission's September 2016 examination and forged the compliance officer's signature on the documents. This made it appear as if the employees had signed the acknowledgments on the date they were hired.

Beane also forged advisory client signatures on investor policy statements that purported to document the risk tolerance and investment objectives of certain VQ Management advisory clients that invested in the VQ Capital notes. And Beane fabricated investor accreditation questionnaires and altered client balance sheets to make several investors appear to be accredited when they were not. For example, Beane inflated assets on the balance sheets of certain investors to make it appear as if they had net worth in excess of $1 million.

Beane additionally backdated subscription agreements relating to the sale of VQ Capital notes to certain VQ advisory clients. As the Commission's Complaint alleged, this made it appear as though the agreements had been executed when those investors had purchased the notes. In reality, the agreements were created only after the enforcement staff requested them. According to the complaint, Beane also falsified VQ Management's financial records to conceal prior client lawsuits by changing the label for various amount on the trial balance sheet and income statement from "settlements" to a more innocuous "professional fees attorneys."

Finally, in response to Commission staff's requests for all emails by Peters and other VQ Management employees during a particular date range, Beane searched for responsive emails and improperly withheld them from the production. The withheld emails included those relating to the marketing of VQ Capital notes, compensation paid in connection with the sale of those notes, and prior lawsuits against VQ Management by several clients.

---

imposing an industry bar with a right to reapply in five years). The Commission brought a separate civil action and administrative proceeding against Peters. *See SEC v. Peters*, No. 5:17-cv-00630 (E.D.N.C. Dec. 20, 2017) (complaint); *Stephen Condon Peters*, Advisers Act Release No. 5424, 2020 WL 58532 (Jan. 6, 2020) (instituting administrative proceedings).

The U.S. Attorney's Office for the Eastern District of North Carolina filed criminal charges against Peters, including allegations of fraud, money laundering, fabricating records, and withholding and concealing records.[7] During Peters's criminal trial, Beane testified that she had falsified VQ Management documents that were requested by, and provided to, Commission staff. Beane also admitted that she knew that her conduct was wrong. A jury convicted Peters, and he was sentenced to a 40-year prison term.[8] And in the Commission's civil proceeding against Beane, the district court enjoined Beane from aiding and abetting violations of Advisers Act Section 204(a) and Rule 204-2 thereunder.

On May 12, 2020, we issued an order instituting proceedings against Beane to determine whether remedial action was appropriate.

II. Analysis

Advisers Act Section 203(f) authorizes the Commission to suspend or bar a person from the securities industry if it finds, on the record after notice and opportunity for hearing, that (i) the person was enjoined from engaging in or continuing any conduct or practice in connection with acting as an investment adviser; (ii) the person was associated with an investment adviser at the time of the alleged misconduct; and (iii) such a sanction is in the public interest.[9]

The first two factors are established. Because the district court enjoined Beane from aiding and abetting violations of Advisers Act Section 204(a) and Rule 204-2 thereunder, Beane has been enjoined from "engaging in or continuing any conduct or practice in connection with" acting as an investment adviser.[10] Beane also does not dispute that she was associated with an investment adviser at the time of her misconduct. Beane worked and engaged in misconduct for Peters, who controlled VQ Management, a registered investment adviser. And Beane testified about doing work, such as handling payroll, for VQ Management. Beane was therefore associated with an investment adviser at the time of her misconduct.[11]

---

[7] *United States v. Peters*, No. 5:17-cr-411, ECF No. 57 (E.D.N.C. Oct. 18, 2018) (superseding indictment). We take official notice of the records in Beane's underlying civil proceeding and Peters's criminal proceeding pursuant to Rule of Practice 323. 17 C.F.R. § 201.323 (allowing official notice to "be taken of any material fact which might be judicially noticed by a district court").

[8] *Peters*, *supra* note 7, ECF No. 99 (June 6, 2019) (jury verdict), ECF No. 157 (Sept. 13, 2019) (judgment).

[9] 15 U.S.C. § 80b-3(f) (cross-referencing Advisers Act Section 203(e), 15 U.S.C. § 80b-3(e)); *see also id.* § 80b-3(e)(4)(specifying injunctions against various actions, conduct, and practices).

[10] 15 U.S.C. § 80b-4(a) (requiring "[e]very investment adviser" to make and keep certain records); 17 C.F.R. § 275.204-2 (requiring "[e]very investment adviser" to "make and keep true, accurate and current" certain records).

[11] *See* 15 U.S.C. § 80b-2(a)(17) (defining a "person associated with an investment adviser" to mean "any person directly or indirectly . . . controlled by such investment adviser, including any employee of such investment adviser"); *Michael Batterman*, Advisers Act Release No. 2334,

Thus, we need determine only if any remedial action is in the public interest. In doing so, we consider the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of her conduct, and the likelihood that respondent's occupation will present opportunities for future violations.[12] Our public interest inquiry is flexible, and no one factor is dispositive.[13] The remedy is intended to protect the trading public from further harm, not to punish the respondent.[14]

We have weighed all of these factors and find that an industry bar is warranted to protect the investing public. Beane does not dispute, nor can she, that she engaged in the misconduct that the Commission alleged in its Complaint;[15] indeed, she acknowledged her misconduct during Peters's criminal trial and in her answer and brief to the Commission. We have long emphasized that maintaining complete and accurate books and records is "a keystone of the investment adviser surveillance with which we are charged in order to protect the investing public."[16] And cooperating with Commission exams and investigations of those associated with investment advisers is fundamental to protecting investors and ensuring market integrity.[17]

2004 WL 2785527, at *4 (Dec. 3, 2004) (noting that the Commission may "discipline a person associated with an investment adviser even if that person is associated only in a clerical or ministerial capacity").

12 *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981).

13 *Tzemach David Netzer Korem*, Exchange Act Release No. 70044, 2013 WL 3864511, at *4 (July 26, 2013).

14 *McCarthy v. SEC*, 406 F.3d 179, 188 (2d Cir. 2005).

15 *See, e.g.*, *Peter Siris*, Exchange Act Release No. 71068, 2013 WL 6528874, at *8 (Dec. 12, 2013) (observing that, "where, as here, respondents consent to an injunction, they may not dispute the factual allegations of the injunction complaint in a subsequent administrative proceeding" (internal quotation marks, citation, and alteration omitted)), *petition denied*, 773 F.3d 89, 96 (D.C. Cir. 2014) (stating that, "[w]hether or not issues established in the consent judgment were 'actually litigated' for purposes of estoppel, the Commission's application of factual preclusion in the follow-on proceeding was appropriate because the judgment unambiguously barred Siris from making any future challenge to the allegations in the complaint").

16 *Hammon Capital Mgmt.*, Advisers Act Release No. 744, 1981 WL 36244, at *2 (Jan. 8, 1981).

17 *Cf. Brogan v. United States*, 522 U.S. 398, 402 (1998) (stating that, "since it is the very purpose of an investigation to uncover the truth, any falsehood relating to the subject of the investigation perverts that function"); *S. Brent Farhang, CPA*, Exchange Act Release No. 83494, 2018 WL 3193859, at *9 (June 21, 2018) (finding that failure to cooperate with an investigation "frustrates the framework of . . . oversight and investor protection"); *Howard Brett Berger*, Exchange Act Release No. 58590, 2008 WL 4899010, at *4 (Nov. 14, 2008) (characterizing NASD Rule 8210, which requires NASD members and associated persons to provide information if requested by NASD staff as part of an investigation, complaint,

Beane frustrated these goals by engaging in an extensive scheme to falsify documents and hide information from the Commission during its examination and subsequent investigation of VQ Management and the offer and sale of VQ Capital notes. Her actions were not a momentary lapse in judgment, but an extensive, intentional effort to falsify and conceal information from the Commission.[18]

Beane argues that we should consider mitigating that she was not the only employee involved in the misconduct. But the fact that she did not act alone does not change the egregiousness or intentionality of what she did. Nor do we find mitigating that her misconduct was at her supervisor's direction and that, as she testified at Peters's criminal trial, she acted "[o]ut of fear of losing [her] job, retaliation or being berated."[19] Without additional evidence or detail regarding Peters's alleged abuse, we are unable to conclude that it explains or otherwise outweighs the egregiousness, recurrence, or intentionality of Beane's misconduct. Beane does not, for example, explain why she could not have left the firm instead of continuing to alter documents for Peters. She also admitted that she knew what she was doing at the time was wrong, and we have long held that one cannot shift responsibility for violations to others.[20]

Nor do we find mitigating that Beane did not profit from her actions, as our focus is on investor welfare generally and the future threat Beane poses to investors and the markets.[21]

---

examination, or proceeding, as "at the heart of the self-regulatory system for the securities industry").

[18] *Cf. Rani T. Jarkas*, Exchange Act Release No. 77503, 2016 WL 1272876, at *13 (Apr. 1, 2016) (finding that a bar was in the public interest for failing to cooperate with an investigation); *Elliot M. Hershberg*, Exchange Act Release No. 53145, 2006 WL 140646, at *3 (Jan. 19, 2006) (affirming bar for failure to respond to an SRO's information requests by explaining that, "[w]hen members and associated persons delay their responses to requests for information, they impede the ability of NASD to conduct its investigations fully and expeditiously"); *Barr Fin. Grp., Inc.*, Investment Advisers Act Release No. 2179, 2003 WL 22258489, at *7 (Oct. 2, 2003) (finding that respondents' "fail[ure] to provide truthful disclosure in commission filings" constituted "serious misconduct" warranting bar).

[19] Beane also states in her opposition brief that her fear stemmed from her being "threatened, intimidated and . . . physically assaulted." And, in a declaration filed in the civil proceeding, she stated that Peters had "sexually assaulted" her.

[20] *See, e.g.*, *William J. Murphy*, Exchange Ac Release No. 69923, 2013 WL 3327752, at *12 (July 2, 2013) (stating that "'applicants cannot shift to others the responsibility for their own compliance with applicable rules'" (citation omitted)); *cf. Janet Gurley Katz*, Exchange Act Release No. 61449, 2010 WL 358737, at *21 (Feb. 1, 2010) (stating that registered representative "cannot shift the blame for her violations to others"), *aff'd*, 647 F.3d 1156 (D.C. Cir. 2011).

[21] *See, e.g.*, *Seghers v. SEC*, 548 F.3d 129, 136 (D.C. Cir. 2008) (affirming Commission's imposition of a bar where we had "considered the fact that Seghers did not benefit financially from his conduct"); *Gary M. Kornman*, Exchange Act Release No. 59403, 2009 WL 367635, at *9 (Feb. 13, 2009) (declining to give mitigating weight to fact that "no particular investor was directly harmed by [the] conduct"), *petition denied*, 592 F.3d 173 (D.C. Cir. 2010); *see also*

Although Beane argues that she was only in her 30s at the time of the misconduct; claims to have lost her job and is in debt because of her actions; and offers assurances against future violations; we find that her willingness to engage in such an extensive effort to conceal misconduct from the Commission nevertheless calls into question her judgment and ability to conduct herself ethically in the securities industry.[22] And the securities industry, as we have explained, "presents continual opportunities for dishonesty and abuse, and depends heavily on the integrity of its participants and on investors' confidence."[23]

We acknowledge that Beane now recognizes the wrongful nature of her misconduct and that she eventually provided authorities with evidence of Peters's and her misconduct and cooperated with the government's subsequent prosecution of Peters. Beane, however, did not come forward promptly. Instead, she continued her misconduct until at least November 2016 and did not begin cooperating with the government until April 2017. We thus find that the mitigating effect of her alerting the government about her and Peters's misconduct and subsequent cooperation is outweighed by the egregiousness of her misconduct.[24]

The Commission may impose bars to protect the investing public from a respondent's future actions by restricting access to areas of the securities industry where a demonstrated propensity to engage in violative conduct may cause further investor harm. Here, the record establishes that Beane is unfit to participate in the securities industry and that her participation in it in any capacity would pose a risk to investors.[25] We therefore grant the Division's motion for

---

Korem, 2013 WL 3864511, at *5 (rejecting respondent's argument that his conduct was not egregious because there was no harm or loss).

[22] *Cf. Anthony Fields, CPA*, Exchange Act Release No. 74344, 2015 WL 728005, at *22 (Feb. 20, 2015) (stating that "[h]ow a respondent might in other respects suffer as a result of his or her misconduct or the sanctions that follow—e.g., loss of money, unemployment, or harm to reputation—is not a mitigating factor"); *Kornman*, 2009 WL 367635, at *9 (stating that the Commission does not view respondent's age or lack of disciplinary history as mitigating for sanctions and observing that "[f]inancial loss to a wrongdoer as a result of his wrongdoing does not mitigate the gravity of his conduct" (internal quotation and citation omitted)).

[23] *Conrad P. Seghers*, Advisers Act Release No. 2656, 2007 WL 2790633, at *7 (Sept. 26, 2007), *petition denied*, 548 F.3d 129 (D.C. Cir. 2008).

[24] *See, e.g.*, *Toby G. Scammell*, Advisers Act Release No. 3961, 2014 WL 5493265, at *8 (Oct. 29, 2014) (finding that respondent's cooperation with Division's investigation and settlement did not outweigh the factors supporting an industry bar); *Gibson*, 2008 WL 294717, at *4 (finding cooperation and settlement not mitigating because the repeated misconduct suggested a grave threat to investors).

[25] Beane notes that a co-defendant from her civil injunctive action (who she claims cooperated with federal authorities only after Beane had already exposed the misconduct) settled with the Commission for an industry bar with a right to reapply in five years. *See Deckert*, 2020 WL 2465529, at *1. To the extent that Beane is attempting to compare any sanction that we impose on her against the one we imposed on Deckert, we have long held that the remedies imposed in settled actions are inappropriate comparisons because pragmatic considerations justify accepting lesser remedies in a settlement. *See, e.g.*, *Michael C. Pattison, CPA*, Exchange

summary disposition and conclude that it is in the public interest to bar Beane from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.[26]

An appropriate order will issue.[27]

By the Commission (Chair GENSLER and Commissioners PEIRCE, CRENSHAW, UYEDA and LIZÁRRAGA).

Vanessa A. Countryman
Secretary

Act Release No. 67900, 2012 WL 4320146, at *11–12 (Sept. 20, 2012) (recognizing that sanctions in litigated cases cannot be compared to sanctions in settled cases because settlements avoid "time-and-manpower consuming adversary proceedings" and thus may result in lesser sanctions); *Anthony A. Adonnino*, Exchange Act Release No. 48618, 2003 WL 22321935, at *9 (Oct. 9, 2003) (same), *aff'd*, 111 F. App'x 46 (2d Cir. 2004).

[26] *James S. Tagliaferri*, Exchange Act Release No. 80047, 2017 WL 632134, at *6 (Feb. 15, 201 (imposing associational bar where necessary to protect the public).

[27] We have considered all of the parties' contentions. We have rejected or sustained them to the extent that they are inconsistent or in accord with the views expressed in this opinion.

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6475 / November 3, 2023

Admin. Proc. File No. 3-19795

In the Matter of the

STACEY L. BEANE

ORDER IMPOSING REMEDIAL SANCTIONS

On the basis of the Commission's opinion issued this day, it is

ORDERED that Stacey L. Beane is barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

By the Commission.

Vanessa A. Countryman
Secretary