SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 99613 / February 27, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6563 / February 27, 2024

Admin. Proc. File No. 3-19951

In the Matter of

SEAN R. STEWART

OPINION OF THE COMMISSION

BROKER-DEALER PROCEEDING

INVESTMENT ADVISER PROCEEDING

Grounds for Remedial Action

Injunction

Conviction

Respondent was permanently enjoined from violations of the antifraud provisions of the federal securities laws and convicted of securities fraud and conspiracy to commit fraud. *Held*, it is in the public interest to bar respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participation in any penny stock offering.

APPEARANCES:

Jennifer C. Barry and *Julia C. Green* for the Division of Enforcement.

David Slovick of Barnes & Thornburg LLP for Sean R. Stewart.

On September 1, 2020, the Securities and Exchange Commission instituted an administrative proceeding against Sean R. Stewart pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.[1] The Division of Enforcement and Stewart have now filed cross-motions for summary disposition. Based on our review of the filings, we grant the Division's motion for summary disposition and bar Stewart from associating in the securities industry in any capacity and from participating in an offering of penny stock.

I. Background

A. Stewart was convicted of securities fraud and conspiracy to commit fraud and enjoined under the antifraud provisions of the federal securities laws.

In September 2019, a federal jury found Stewart guilty of six counts of securities fraud, one count of securities fraud in connection with a tender offer, one count of conspiring to commit securities fraud and/or tender offer fraud, and one count of conspiring to commit wire fraud. All of these charges related to insider trading that occurred between approximately February 2011 and October 2014. The district court sentenced Stewart to 24 months in prison and three years of supervised release.

During his first criminal trial, Stewart testified in his own defense.[2] Stewart admitted that, on multiple occasions, he had provided his father with inside information obtained by working as an investment banker at J.P. Morgan and Perella Weinberg. Stewart acknowledged that he knew both firms had policies prohibiting him from disclosing inside information to others, and confidentiality was important because clients trusted firm employees "with the most important, intimate aspects of their business and decision making." Stewart claimed that he nonetheless provided confidential information to his father. Stewart testified that he shared the information because they were a close family that shared everything, rather than to allow his father to trade on it.

During his testimony, Stewart also asserted that he first learned in August 2011 that his father had traded on the inside information he had provided. Around this time, as part of a FINRA investigation, J.P. Morgan personnel asked Stewart about his father's trading of stock in a company that was acquired in a deal that Stewart worked on. Stewart admitted that he lied to the firm's personnel by telling them that there was "no way" that his father received the information from him. Stewart also admitted during the trial that he provided additional inside

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1 *Sean R. Stewart*, Exchange Act Release No. 89720, 2020 WL 5229315 (Sept. 1, 2020).

2 Stewart's first conviction was vacated on procedural grounds. *See United States v. Stewart*, 907 F.3d 677, 686-91 (2d Cir. 2018) (vacating judgment because district court improperly excluded certain impeachment evidence). A second criminal trial was later held, resulting in the final conviction discussed above.

information to his father at least three times after he allegedly first learned about his father's insider trading through the FINRA investigation.

Stewart further admitted during his testimony that, after his arrest, he knew that the terms of a bond he had signed under penalty of perjury prohibited him from spending the money securing his bail, yet he spent part of it anyway. Stewart acknowledged that he hid his expenditure of the money and that he wanted to get away with it.

Following his criminal conviction, Stewart consented to judgment in a civil action that the Commission had brought against him. Accordingly, a federal district court entered a final judgment enjoining Stewart from violating Exchange Act Sections 10(b) and 14(e) and Rules 10b-5 and 14e-3.[3] The final judgment incorporated the consent agreement, which provided that, "in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, [Stewart] understands that he shall not be permitted to contest the factual allegations of the complaint in this action." In turn, the civil complaint alleged that, on at least six occasions from 2010 to 2014, Stewart tipped his father about imminent mergers or acquisitions involving clients of two registered broker-dealers where Stewart worked as an investment banker.[4] The complaint further alleged that Stewart had provided the information so that his father could benefit from it, and his father and a "close friend" of his father's used Stewart's provided information to place trades generating over $1.1 million in illicit proceeds. The complaint alleged that Stewart thereby "repeatedly breached the duty of trust and confidence he owed to his employer" and that, on at least three of the occasions, he also "breached a duty that he owed to the shareholders" of the target companies that had hired him. And the complaint alleged that Stewart "took steps to avoid detection" because in 2011, "in response to a regulatory investigation into potential insider trading, [he] lied to his investment bank employer."

B. The Commission instituted this proceeding against Stewart.

The order instituting proceedings ("OIP") alleges that, in September 2019, Stewart was criminally convicted of securities fraud, securities fraud in connection with a tender offer, conspiracy to commit securities and/or tender offer fraud, and conspiracy to commit wire fraud. The OIP further alleges that, in August 2020, a federal district court permanently enjoined Stewart from future violations of Exchange Act Sections 10(b) and 14(e) and Rules 10b-5 and 14e-3 thereunder. And the OIP alleges that, at the time of his misconduct, Stewart was associated first with a dually-registered broker-dealer and investment adviser and then with a registered broker-dealer. The OIP initiated proceedings to determine whether the allegations

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[3] 15 U.S.C. §§ 78j(b), 78n(e); 17 C.F.R. §§ 240.10b-5, .14e-3.

[4] The civil complaint alleged that Stewart committed one more instance of insider trading than the criminal charges.

contained therein were true and if any remedial action was appropriate in the public interest. Stewart filed an answer and the parties filed cross-motions for summary disposition.[5]

II. Analysis

Under Rule of Practice 250(b), a motion for summary disposition may be granted if "there is no genuine issue with regard to any material fact" and the moving party is "entitled to summary disposition as a matter of law."[6] "[S]ummary disposition is ordinarily appropriate in follow-on proceedings" such as this one, where a respondent has been enjoined or convicted and the sole determination concerns the appropriate sanction.[7] Here, both parties have moved for summary disposition. The Division seeks a full securities industry bar and a bar from participating in the offering of penny stock against Stewart. By contrast, Stewart argues that he had never been associated with an investment adviser and that barring him from associating with an investment adviser would not be in the public interest. Stewart does not otherwise challenge imposition of the other associational bars or the penny stock bar, and he does not argue that an in-person hearing is necessary to resolve this follow-on proceeding or that he needs additional discovery to respond to the Division's motion. We find, for the reasons below, that the Division has satisfied its burden under the summary disposition standard, that summary disposition is appropriate, and that an in-person hearing is unnecessary in this case.

A. The threshold requirements for imposing industry and penny stock bars are satisfied.

Exchange Act Section 15(b) authorizes the Commission to censure, place limitations on, or suspend or bar a person from the securities industry and from participating in the offering of penny stock if it finds, on the record after notice and opportunity for hearing, that (1) the person was either (a) enjoined from any conduct or practice in connection with the purchase or sale of a security, or (b) the person was convicted, within ten years of the commencement of the proceeding, of any felony or misdemeanor involving the purchase or sale of any security; (2) the person was associated with a broker or dealer at the time of the alleged misconduct; and (3) such a sanction is in the public interest.[8]

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5 *See Sean R. Stewart*, Exchange Act Release No. 90220, 2020 WL 6286284 (Oct. 19, 2020) (order scheduling summary disposition briefing).

6 17 C.F.R. § 201.250(b); *see also ERHC Energy, Inc.*, Exchange Act Release No. 90517, 2020 WL 6891409, at *2 (Nov. 24, 2020) (discussing standard).

7 *James S. Tagliaferri*, Exchange Act Release No. 80047, 2017 WL 632134, at *7 (Feb. 15, 2017); *see also Jeffrey L. Gibson*, Exchange Act Release No. 57266, 2008 WL 294717, at *5 (Feb. 4, 2008), *pet. for rev. denied*, 561 F.3d 548 (6th Cir. 2009).

8 15 U.S.C. § 78*o*(b)(6) (cross-referencing Exchange Act Section 15(b)(4)(B)-(C), 15 U.S.C. § 78*o*(b)(4)(B)-(C)); *see also* Exchange Act Section 15(b)(4)(B)-(C), 15 U.S.C. § 78*o*(b)(4)(B)-(C) (discussing criminal convictions and injunctions, respectively).

No genuine issue of material fact exists as to the first two elements. It is undisputed that a federal court enjoined Stewart from conduct in connection with the purchase or sale of any security.[9] And it is undisputed that Stewart was criminally convicted of securities fraud less than ten years before this proceeding's commencement.

There is also no genuine dispute that Stewart was associated with registered broker-dealers at the time of his underlying misconduct. The civil judgment against Stewart incorporated his consent agreement precluding him from challenging the civil complaint's allegations, such as the allegation that Stewart was associated with registered broker-dealers at the time of his insider trading.[10]

An industry-wide bar, including an investment adviser bar, is an available remedy under the Exchange Act.[11] Thus, we do not address the parties' dispute about whether Stewart was also associated with an investment adviser at the time of his misconduct (such that an industry bar would also be available under the Advisers Act).[12]

B. We find that barring Stewart from the securities industry and from participating in penny stock offerings is in the public interest.

In determining whether any remedial action is in the public interest, we consider the *Steadman* factors: 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 his conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.[13]

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9 *See* Exchange Act Section 10(b), 15 U.S.C. § 78j(b) (applying to conduct "in connection with the purchase or sale of any security"); Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5 (same).

10 *See Siris v. SEC*, 773 F.3d 89, 96 (D.C. Cir. 2014) ("[T]he 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.").

11 *See* Exchange Act Section 15(b)(6), 15 U.S.C. § 78*o*(b)(6) (authorizing the Commission to bar any person who, at the time of the misconduct, was associated with a broker or dealer, from "being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization").

12 *See* Advisers Act Section 203(f), 15 U.S.C. § 80b-3(f) (applying to persons associated with investment advisers at the time of their alleged misconduct).

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

Our public interest inquiry is flexible, and no one factor is dispositive.[14] The remedy is intended to "protect[] the trading public from further harm," not to punish the respondent.[15]

Here, the Division seeks a full securities industry bar and a penny stock bar against Stewart. Stewart opposes only the imposition of an investment adviser bar, specifying that he "does not ask to be exempted from all of the associational sanctions contemplated by the securities laws." Having weighed all the *Steadman* factors, we find that a full securities industry bar—including a bar from associating with an investment adviser—and a bar from participating in an offering of penny stock are warranted to protect the investing public.

1. Stewart's misconduct was egregious, recurrent, and done with a high degree of scienter.

We find no genuine dispute that Stewart's misconduct was egregious and recurrent. A jury found Stewart guilty of insider trading in connection with five investment banking deals over more than a three-year period. And the allegations of the civil complaint, to which we apply preclusive effect, establish that Stewart engaged in insider trading involving a sixth deal. The complaint also establishes that Stewart took steps to avoid detection by lying to his employer about his activities when faced with a regulatory investigation into his insider trading. The complaint and his own testimony show that he continued to repeatedly engage in insider trading, even after he learned of the investigation. The complaint further establishes that Stewart's unlawful insider trading resulted in a significant financial benefit to his father and a close friend of his father's, who used the information provided by Stewart to place trades generating over $1.1 million in illicit proceeds.

Stewart downplays the egregiousness of his misconduct by arguing that he did not personally make money from the insider trading. But the jury conclusively determined that Stewart committed securities fraud "for his personal benefit." Besides, the gains to Stewart's tippees are attributable to him, even though he did not personally trade.[16] And, even if Stewart

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

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

[16] *See Thomas D. Melvin*, Exchange Act Release No. 75844, 2015 WL 5172974, at *4 (Sept. 4, 2015) (finding that "the substantial gains by all of the tippees who benefited from the confidential information passed along by Melvin are attributable to Melvin, even if Melvin did not personally trade").

had not profited from the insider trading, this would not be mitigating because our focus is on investor welfare generally and the future threat Stewart poses to investors and the markets.[17]

Stewart also argues that his misconduct did not harm or even threaten to harm the investing public. But insider trading *does* harm the public interest by undermining the public's confidence in the fairness of the securities market.[18] Insider trading can also harm individual investors.[19] Regardless, again, our focus is not on past harm to specific investors but rather on protecting investors generally and the future threat Stewart could pose to investors and the markets.[20]

We also find no genuine dispute that Stewart acted with a high degree of scienter. To find Stewart guilty of securities fraud, the jury instructions required it to find that Stewart acted "knowingly and intentionally" and "with a specific intent to defraud his employer . . . by misappropriating to his own use information he knew the company required him to keep confidential." To find Stewart guilty of tender offer fraud, the jury had to find that he acted "willfully," meaning "deliberately and with a bad purpose, rather than innocently," and that he knew "of the fraudulent nature of the scheme and acted with the conscious objective that it succeed." And to find Stewart guilty of conspiracy to commit securities and/or tender offer

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17 *See Travis Laska*, Advisers Act Release No. 6477, 2023 WL 7279485, at *4 (Nov. 3, 2023) ("Nor do we find mitigating that Laska did not profit from his actions, as our focus is on investor welfare generally and the future threat Laska poses to investors and the markets.").

18 *See, e.g.*, *United States v. O'Hagan*, 521 U.S. 642, 659 (1997) ("Although informational disparity is inevitable in the securities markets, investors likely would hesitate to venture their capital in a market where trading based on misappropriated nonpublic information is unchecked by law."); *id.* at 656 ("A misappropriator who trades on the basis of material, nonpublic information . . . deceives the source of the information and simultaneously harms members of the investing public.").

19 *See, e.g.*, *Melvin*, 2015 WL 5172974, at *4-5 (noting that "insider trading harms not only individual investors, but also the very foundations of our markets, by undermining investor confidence in the integrity of our markets"); *SEC v. Gupta*, No. 11-CV-7566 (JRS), 2013 WL 3784138, at *2 (S.D.N.Y. July 17, 2013) (Rakoff, J.) (noting that defendant's tipping of inside information "resulted, in effect, in millions of dollars of losses to those who traded their stock without the benefit of [the defendant's] inside information"); *cf. United States v. Gupta*, 904 F. Supp. 2d 349, 352 (S.D.N.Y. 2012) (Rakoff, J.) (noting that "insider trading may work a huge unfairness on innocent investors," even though fraud on investors is not a required element for an insider trading conviction).

20 *See, e.g.*, *Thomas D. Conrad, Jr.*, Advisers Act Release No. 6467, 2023 WL 6955511, at *4 (Oct. 20, 2023) ("[E]ven if the court had not found that investors were harmed, the lack of harm to specific investors would not be mitigating because our focus is on protecting investors generally.").

fraud, as well as conspiracy to commit wire fraud, the jury had to find that he joined the conspiracy "unlawfully, knowingly, and intentionally."

2. Stewart's occupation likely will present opportunities for future violations, and industry and penny stock bars are in the public interest due to the risk he would reoffend if provided the chance.

We find no genuine dispute that, absent a bar, Stewart is likely to re-enter the securities industry, which would present the opportunity for future violations. Stewart worked in the securities industry for nearly a decade. Moreover, his motion for summary disposition states that it is the "only industry he has ever worked in." As we have noted many times before, the "securities industry presents continual opportunities for dishonesty and abuse and depends heavily on the integrity of its participants and on investors' confidence."[21] Stewart's occupation therefore presents opportunities for future violations.

We recognize that Stewart acknowledges the wrongfulness of his actions and that he provides assurances against future violations. Specifically, he submitted evidence that he gave talks at three universities to educate and express remorse about his insider trading before his sentencing in 2019. He also submitted a declaration stating that he "still acknowledge[s] that what [he] did was wrong" and that, "[i]n light of [his] experience over the past five years and the punishments [he has] endured, [he] can absolutely assure the Commission that [he] will in no way commit any further violations of the federal securities laws, or any other laws, in the future." But this does not outweigh our concern that Stewart would pose a substantial risk to the public if he participated in the securities industry in the future. Even accepting as true the present sincerity of Stewart's assurances against future violations, "such assurances are not an absolute guarantee against misconduct in the future."[22] Notably, Stewart has demonstrated a concerning inability to follow through on his promises, even when they are made under oath, by admittedly spending money securing his bail when he knew he was prohibited from doing so by the terms of the bond he had signed under oath. And Stewart lied to his employer when asked about his insider trading, and he continued committing insider trading violations even after he learned about FINRA's investigation into his misconduct, further undermining our confidence in

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[21] *Albert K. Hu*, Advisers Act Release No. 6497, 2023 WL 8469447, at *5 (Dec. 6, 2023) (quoting *Gary M. Kornman*, Exchange Act Release No. 59403, 2009 WL 367635, at *7 (Feb. 13, 2009), *pet. for rev. denied*, 592 F.3d 173 (D.C. Cir. 2010)).

[22] *Id.* (quoting *Kornman*, 2009 WL 367635, at *11).

his assurances against future violations.[23] The egregious, repeated, and intentional nature of Stewart's securities fraud violations also cause us to seriously doubt that he would fulfill his promise not to commit further violations if he reentered the securities industry.

3. Stewart's arguments against an investment adviser bar are without merit.

In finding that an industry and penny stock bar are in the public interest, we reject Stewart's contention that he should not be subject to an investment adviser bar simply because he allegedly was not associated with an investment adviser at the time of his misconduct. As discussed above, the Exchange Act allows us to impose collateral bars, including an investment adviser bar, on an individual associated solely with a broker or dealer at the time of the underlying misconduct, provided that such a bar is in the public interest.[24]

And, as also explained above, we find that an industry bar—including an investment adviser bar—*is* in the public interest here. Indeed, Stewart repeatedly violated duties he owed to his employers and to the shareholders of certain client companies, demonstrating that he is unfit to serve in the fiduciary role of an investment adviser.[25] And, like other securities professionals, investment advisers can gain access to confidential information, providing them with the opportunity for insider trading—precisely the type of violation at issue here.[26] We thus find, for all the reasons explained herein, that Stewart has repeatedly proven himself unfit to serve in the securities industry, including in the fiduciary role of an investment adviser. And allowing Stewart to serve in such roles would present a meaningful risk of harm to the investing public.

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[23] *See Kornman*, 2009 WL 367635, at *7 (barring respondent, despite the "lack of recurrence and [the respondent's] expressions of remorse and assurances against future violations," because the respondent's "deliberate attempt to deceive Commission investigators during an investigation into insider trading indicates a lack of honesty and integrity, as well as a fundamental unfitness to transact business associated with a broker or dealer and to advise clients as a fiduciary").

[24] *See supra* note 11 and accompanying text.

[25] *Cf. Alfred Clay Ludlum, III*, Advisers Act Release No. 3628, 2013 WL 3479060, at *5 (July 11, 2013) (noting that respondent's "willingness to violate his fiduciary duty to his clients is more than sufficient to demonstrate his unfitness to take on another role as a fiduciary") (cleaned up), *abrogated in part on other grounds*, *Bartko v. SEC*, 845 F.3d 1217, 1224 (D.C. Cir. 2017) (holding that imposing collateral bars based on pre-Dodd Frank Act conduct was impermissibly retroactive).

[26] *See Peter Siris*, Advisers Act Release No. 3736, 2013 WL 6528874, at *7 n.47 (Dec. 12, 2013) (noting that a wide range of financial professionals have access to confidential information, and therefore "repeated insider trading is exactly the type of egregious behavior that supports a collateral bar") *pet. for rev. denied*, 773 F.3d 89 (D.C. Cir. 2014).

Stewart also argues that the case law identified by the Division in support of imposing an investment adviser bar "instead confirms that such a bar is excessive and, therefore, inappropriate." In particular, Stewart emphasizes that those case, unlike here, involved persons associated with an investment adviser at the time of their misconduct; persons "motivated by personal financial gain" who "profited from [their] wrongdoing"; and persons who "either harmed the investing public or the Commission itself." But, again, the Commission can impose collateral investment adviser bars against persons who were not associated with an investment adviser.[27] And, as explained above, Stewart *was* pursuing his own personal benefit,[28] and insider trading *does* harm the investing public.[29] Regardless, the Commission has repeatedly found that it is not mitigating that one did not financially profit from their misconduct or directly harm investors.[30] Moreover, "[a]ppropriate remedial action depends on the facts and circumstances of each particular case, and cannot be precisely determined by comparison with the actions taken in other proceedings."[31]

Finally, we reject Stewart's contention that his lack of other disciplinary history or his allegedly "exemplary" performance as an employee mitigates the need for a bar. A securities professional should not be rewarded simply for complying with their professional responsibilities.[32] And the egregious, recurrent, and scienter-based nature of his misconduct

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27 *See supra* note 11 and accompanying text.

28 *See supra* note 16 and accompanying text.

29 *See supra* notes 18-19 and accompanying text.

30 *See, e.g.*, *Conrad P. Seghers*, Advisers Act Release No. 2656, 2007 WL 2790633, at *9 (Sept. 26, 2007) ("Accepting *arguendo* that Seghers did not profit from his violations, this fact does not negate his conduct of his fiduciary duties, and therefore does not justify a reduced sanction in the public interest."), *pet. for rev. denied*, 548 F.3d 129 (D.C. Cir. 2008); *Kornman*, 2009 WL 367635, at *9 (declining to give mitigating weight to fact that "no particular investor was directly harmed by [the] conduct"); *see also Korem*, 2013 WL 3864511, at *5 (rejecting respondent's argument that his conduct was not egregious because there was no harm or loss).

31 *Philip A. Lehman*, Exchange Act Release No. 54660, 2006 WL 3054584, at *9 (Oct. 27, 2006); *see also Seghers*, 548 F.3d at 135 ("[D]isproportionate penalties are irrelevant to the appropriateness of a sanction if the sanction is within the SEC's discretion."); *Geiger v. SEC*, 363 F.3d 481, 488 (D.C. Cir. 2004) ("The Commission is not obligated to make its sanctions uniform, so we will not compare this sanction to those imposed in previous cases.").

32 *See Kornman*, 2009 WL 367635, at *9 & n.40 ("We do not view [Respondent's] . . . lack of disciplinary history as mitigation to sanctions.").

undermine any claim that Stewart's misconduct was aberrant.[33] We also reject any suggestion that a bar is not warranted because Stewart has already suffered harm from imprisonment and losing his job. As we have previously held, a prison sentence is not "mitigative of the appropriate sanction to be imposed in the public interest in [a follow-on] administrative proceeding."[34] Similarly, "'[f]inancial loss to a wrongdoer as a result of his wrongdoing' does not mitigate the gravity of his conduct."[35] And even if Stewart's prison sentence and the loss of his job might act as a deterrent against future misconduct, they also reflect the severity of his misconduct and do not outweigh our concern that he would pose a substantial risk to the public if he were allowed to reenter the securities industry.[36]

* * *

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 Stewart is unfit to participate in the securities industry and that his participation in it in any capacity would pose a risk to investors.[37] Stewart has only specifically opposed imposition of an investment adviser bar, and he was convicted of securities fraud in the form of insider trading.[38] We conclude that it is in the public interest to bar Stewart from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor,

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[33] *Cf. Ted Harold Westerfield*, Exchange Act Release No. 41126, 1999 WL 100954, at *4 (Mar. 1, 1999) (rejecting respondent's contention that his misconduct was isolated due to his lack of other disciplinary history, as the misconduct itself had been recurrent); *Hu*, 2023 WL 8469447, at *6 ("[W]e find that Hu did not merely make a simple mistake, given the egregious and recurrent nature of his fraud, which was committed with scienter.").

[34] *Don Warner Reinhard*, Exchange Act Release No. 63720, 2011 WL 121451, at *7 (Jan. 14, 2011).

[35] *Hu*, 2023 WL 8469447, at *6 (alteration in original) (quoting *Kornman*, 2009 WL 367635, at *9).

[36] *See Hu*, 2023 WL 8469447, at *6 ("But even if Hu's prison sentence and loss of assets serve as a deterrent from future misconduct, they also reflect the severity of Hu's misconduct and do not outweigh our concern that he would pose a substantial risk to the public if he were allowed to re-associate with an investment adviser.").

[37] *Tagliaferri*, 2017 WL 632134, at *6 (finding that the misconduct underlying the respondent's conviction demonstrated that respondent was unfit to participate in the securities industry and that his participation in it in any capacity would pose a risk to investors).

[38] *Cf. Ronald S. Bloomfield*, Exchange Act Release No. 71632, 2014 WL 768828, at *22 (Feb. 27, 2014) (noting that penny stocks have been "recognized as presenting special risk of market manipulation, insider trading, and other illegal conduct"), *pet. for rev. denied*, 649 F. App'x 546 (9th Cir. 2016).

transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.[39]

An appropriate order will issue.

By the Commission (Chair GENSLER and Commissioners CRENSHAW, UYEDA and LIZÁRRAGA; Commissioner PEIRCE concurring in part and dissenting with respect to the imposition of a bar from participating in an offering of penny stock).

Vanessa A. Countryman
Secretary

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[39] *Tagliaferri*, 2017 WL 632134, at *6 (imposing associational and penny stock bars where necessary to protect the public).

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99613 / February 27, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6563 / February 27, 2024

Admin. Proc. File No. 3-19951

In the Matter of

SEAN R. STEWART

ORDER IMPOSING REMEDIAL SANCTIONS

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

ORDERED that Sean R. Stewart is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and it is further

ORDERED that Sean R. Stewart 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.

By the Commission.

Vanessa A. Countryman
Secretary