

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 99694 / March 8, 2024

INVESTMENT ADVISERS ACT OF 1940  
Release No. 6569 / March 8, 2024

Admin. Proc. File No. 3-20823

In the Matter of  LYNN D. CAWTHORNE
---

ORDER TO SHOW CAUSE

On April 15, 2022, the Securities and Exchange Commission issued an order instituting administrative proceedings against Lynn D. Cawthorne pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.<sup>1</sup> On January 24, 2024, the Commission issued an order finding that service of the OIP had been made on Cawthorne, pursuant to Rule 141(a)(2)(i) of the Commission's Rules of Practice,<sup>2</sup> on July 13, 2022.<sup>3</sup>

As stated in the OIP, Cawthorne's answer was required to be filed within 20 days of service of the OIP.<sup>4</sup> On October 6, 2022, after Cawthorne failed to answer the OIP, the Division filed a motion for default and imposition of sanctions against Cawthorne. The Division requests

---

<sup>1</sup> *Lynn D. Cawthorne*, Exchange Act Release No. 94734, 2022 WL 1127102 (Apr. 15, 2022).

<sup>2</sup> 17 C.F.R. § 201.141(a)(2)(i).

<sup>3</sup> *Lynn D. Cawthorne*, Exchange Act Release No. 99420, 2024 WL 307170 (Jan. 24, 2024). On February 8, 2024, the Division filed a status report stating that it had additionally sent the OIP to Cawthorne at a mailing address for the Federal Bureau of Prisons' ("BOP") Residential Re-Entry Management ("RRM") program and that "the package will be forwarded to Respondent per BOP and RRM program policy." The Division also stated that it had identified a telephone number for Cawthorne and that Division counsel had a 16-minute telephone conversation with a person who identified himself as Cawthorne, in which Division counsel informed Cawthorne of the nature of the administrative proceedings against him. The Division need not file additional status reports.

<sup>4</sup> *Cawthorne*, 2022 WL 1127102, at \*2; Rules of Practice 151(a), 160(b), 220(b), 17 C.F.R. §§ 201.151(a), 160(b), .220(b).

that the Commission find Cawthorne in default for not filing an answer and bar him from the securities industry based on the record and the allegations in the OIP. A response to the Division's motion was due within five days after it was served.<sup>5</sup> As of the date of this order, Cawthorne has not filed an answer or opposition to the Division's motion. The prehearing conference and the hearing are thus continued indefinitely.

Accordingly, Cawthorne is ORDERED to SHOW CAUSE by March 22, 2024, why he should not be deemed to be in default and why this proceeding should not be determined against him due to his failure to file an answer, respond to the Division's motion, or otherwise defend this proceeding. Cawthorne's submission shall address the reasons for his failure to timely file an answer or response to the Division's motion, include a proposed answer to be accepted in the event that the Commission does not enter a default against him, and address the substance of the Division's request for sanctions. If Cawthorne files a response to this order to show cause, the Division may file a reply within 14 days after its service.

When a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record without holding a public hearing.<sup>6</sup> The OIP informed Cawthorne that a failure to file an answer could result in deeming him in default and determining the proceedings against him.<sup>7</sup> The failure to timely oppose a dispositive motion is also a basis for a finding of default.<sup>8</sup> Like failing to timely file an answer, failing to timely oppose a dispositive motion may result in the determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.<sup>9</sup>

---

<sup>5</sup> Rule of Practice 154(b), 17 C.F.R. § 201.154(b).

<sup>6</sup> Rules of Practice 155, 180, 17 C.F.R. §§ 201.155, .180.

<sup>7</sup> *Cawthorne*, 2022 WL 1127102, at \*2.

<sup>8</sup> See Rules of Practice 155(a)(2), 180(c), 17 C.F.R. §§ 201.155(a)(2), .180(c); *see, e.g., Behnam Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at \*3 n.12 (Jan. 3, 2017).

<sup>9</sup> See, e.g., *McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at \*3-5 (Sep. 29, 2017); *Bennett Grp. Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at \*2-3 (Mar. 30, 2017), *abrogated in part on other grounds by Lucia v. SEC*, 138 S. Ct. 2044 (2018); *Apollo Publ'n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at \*1 n.6 (Apr. 13, 2006).

The parties' attention is directed to the e-filing requirements in the Rules of Practice.<sup>10</sup> We also remind the parties that any document filed with the Commission must be served upon all participants in the proceeding and be accompanied by a certificate of service.<sup>11</sup>

Upon review of the filings in response to this order, the Commission will either direct further proceedings by subsequent order or issue a final opinion and order resolving the matter.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman  
Secretary

---

<sup>10</sup> See *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464 (Dec. 30, 2020), <https://www.sec.gov/rules/final/2020/34-90442a.pdf>; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, <https://www.sec.gov/efapdocs/instructions.pdf>. The amendments impose other obligations such as a redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465–81.

<sup>11</sup> See Rule of Practice 150, 17 C.F.R. § 201.150 (generally requiring parties to serve each other with their filings); Rule of Practice 151(d), 17 C.F.R. § 201.151(d) (“Papers filed with the Commission . . . shall be accompanied by a certificate stating the name of the person or persons served, the date of service, the method of service, and the mailing address or email address to which service was made, if not made in person.”). The Division of Enforcement is represented by Brian T. James and Teresa Verges, Securities and Exchange Commission, Miami Regional Office; 801 Brickell Avenue, Suite 1950; Miami, FL 33131; [jamesb@sec.gov](mailto:jamesb@sec.gov) and [vergest@sec.gov](mailto:vergest@sec.gov).