

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9036 / May 29, 2009

SECURITIES EXCHANGE ACT OF 1934
Release No. 60010 / May 29, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13498

In the Matter of

DUSTIN J. LUNT,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTIONS
15(b) AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Dustin J. Lunt (“Respondent” or “Lunt”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

These proceedings arise out of Lunt's fraudulent offers and sales of securities outside of his association with a registered broker-dealer, and his failure reasonably to supervise a registered representative involved in similar conduct. In October and November 2007, Lunt sold interests in an investment program and promised to pay at least 5% in returns each month. However, Lunt never performed the diligence to determine if there was a reasonable basis for his representations. Lunt also failed to disclose the increasingly troubling signs he encountered demonstrating that the program was nothing more than a Ponzi scheme. Lunt further failed reasonably to supervise a registered representative under his supervision who solicited investors in the same program.

Respondent

1. Respondent Dustin J. Lunt, age 26, is a resident of Mesa, Arizona. He holds Series 6, 26, 63, and 65 licenses. From October 2003 through his resignation in February 2008, Lunt was a registered representative associated with World Group Securities, Inc. ("World Group") in its Tempe, Arizona, branch office. Lunt served as the branch manager of World Group's Tempe office from May 2006 until February 2008.

Other Relevant Entity

2. World Group Securities, Inc., a Delaware corporation headquartered in Duluth, Georgia, has been registered with the Commission as a broker-dealer since 2002. World Group has approximately 5,000 registered representatives in 493 branch offices throughout the United States.

Facts

3. In October and November 2007, Lunt raised \$70,000 from four investors, including one of his World Group customers. Lunt told investors that he planned to use their money to invest in a highly profitable venture that funded television advertisements for a variety of products. In written agreements, Lunt promised to pay investors a monthly return of at least 5%. Some of Lunt's investors selected an option in the written agreement to reinvest their profits automatically each month, thereby compounding their anticipated returns. Lunt represented to investors that he would be paid out of returns on the investments after paying investors their profits. Lunt did not offer or sell these investments through World Group, the broker-dealer with which he was affiliated.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

4. In reality, the purported advertising program for which Lunt raised funds had no business operations and was simply a Ponzi scheme. Although Lunt received some payments from the operators of the Ponzi scheme, he lost approximately \$20,000 of investor funds by investing in the scheme.

5. Before soliciting investments for the purported advertising program, Lunt conducted some internet searches, reviewed the program's website, and spoke with its sales representatives. However, he did not perform any other investigation that would provide a reasonable basis for his representations to investors about their anticipated profits of at least 5% each month.

6. Before and during the time that Lunt raised funds from investors, he received information which should have prompted him to make further inquiries about the legitimacy of the advertising program. In August 2007, Lunt viewed the advertising program's website, which made the incredible claim that investors would earn annual returns of anywhere from 4,800% to 12,000%. Furthermore, Lunt learned in September 2007 that the purported advertising program was transitioning its operations offshore to a supposed business partner and would make future payments through a mysterious debit card system. In early November 2007, the advertising program abruptly stopped making payments, and Lunt was unable to obtain any promised returns or a refund of principal from the operators of the program. In late December 2007, Lunt learned that the Commission had filed an enforcement action alleging fraud against the principals of the advertising program and that a Court had frozen bank accounts used by the program. However, Lunt failed to investigate further or to disclose any of these important facts to his investors.

7. Lunt used some of the money he raised to make payments to other investors. However, Lunt did not disclose to investors this use of funds.

8. From August 2007 through January 2008, a registered representative supervised by Lunt raised a total of approximately \$1.43 million from eleven investors, including five World Group customers, to invest in the same advertising program for which Lunt solicited investors. Lunt was aware of this person's activities. Lunt was also aware that the same registered representative had previously solicited \$330,000 from a World Group customer to place with a third party for an options trading program. Lunt knew that the registered representative was not soliciting or selling securities in either program through World Group. However, Lunt took no action to address the registered representative's activities.

9. In January 2008, the registered representative under Lunt's supervision asked Lunt to attempt to recoup his investors' losses by using approximately \$470,000 of investor funds in high-risk, foreign currency trading. Lunt knew that this use of funds had not been disclosed to investors but still agreed to trade the funds. After just a few days of foreign currency trading, Lunt lost additional amounts.

10. Later in January 2008, Lunt told investors simply that the advertising program had lost money. He refunded to them the balance of investors' remaining funds.

11. The investments Lunt and the registered representative he supervised sold to fund the purported advertising program and the options trading program were securities in the form of investment contracts.

12. Throughout the conduct set forth above, Lunt concealed from other supervisory and compliance personnel at World Group that he and the registered representative he supervised were making unapproved recommendations and sales of securities. Lunt disregarded World Group procedures requiring prior written approval of such activities.

13. As a result of the conduct described above, Lunt willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

14. As a result of the conduct described above, Lunt willfully violated Section 15(a) of the Exchange Act, which prohibits a broker or dealer from using interstate commerce to effect or attempt to induce transactions in securities unless registered with the Commission.

15. As a result of the conduct described above, Lunt failed reasonably to supervise a registered representative under his supervision with a view to preventing that registered representative's violations of the federal securities laws, within the meaning of Section 15(b)(4)(E) of the Exchange Act.

16. Respondent has submitted a sworn Statement of Financial Condition dated October 11, 2008, and other evidence and has asserted his inability to pay a civil penalty.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Lunt's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Lunt cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder;

B. Respondent Lunt be, and hereby is barred from association with any broker or dealer, with the right to reapply for association after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission;

C. Respondent Lunt be, and hereby is barred from association in a supervisory capacity with any broker or dealer;

D. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any arbitration award related to the conduct that served as the basis for the Commission order; (b) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (c) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

E. Based upon Respondent's sworn representations in his Statement of Financial Condition dated October 11, 2008, and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent.

F. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary