SECURITIES EXCHANGE ACT OF 1934
Release No. 59738 / April 9, 2009

Administrative Proceedings
File No. 3-13435

IN THE MATTER OF CHARLES F. LEWIS

COMMISSION INSTITUTES ADMINISTRATIVE PROCEEDINGS AGAINST CHARLES F. LEWIS, PRINCIPAL OFFICER OF CAPITAL HOLDINGS, LLC

The Securities and Exchange Commission (Commission) announced that on April 9, 2009, it issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing (the Order) against Charles F. Lewis (Lewis), an individual residing in Leavenworth, Kansas, who served as a principal officer of Capital Holdings, LLC (Capital Holdings), a Montana company based in Denver, Colorado. The Order was based on the entry of a judgment of permanent injunction against Lewis in a civil action entitled SEC v. Capital Holdings, LLC, et al., Civil Action No. 03–cv–00923–REB–CBS, in the United States District Court for the District of Colorado.

The Division of Enforcement alleges in the Order that, on December 29, 2008, the District Court enjoined Lewis from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Division alleges that the Commission’s complaint in the civil action alleged, among other things, that, from at least September 2001 through May 2003, Lewis, Capital Holdings, and others acting in concert with them defrauded at least 600 investors of approximately $40 million by falsely promising that: (1) investor funds would be used as collateral to facilitate leveraged trading of financial instruments issued by major banks and governments and that investors would share in the trading profits; (2) investors would earn a fixed monthly return ranging from 2% to 15%; (3) the safety of invested principal would be guaranteed; and (4) investors’ funds would be fully insured. The complaint alleged that, in reality, there was no trading program and that the defendants regularly paid undisclosed sales commissions, Ponzi payments, and personal expenses with investor funds.

A hearing will be scheduled before an Administrative Law Judge to determine whether the Division’s allegations in the Order are true, to provide Respondent an opportunity to dispute the allegations, and to determine what sanctions, if any, are appropriate and in the public interest. The Commission directed that an Administrative Law Judge issue an initial decision in this matter within 210 days from the date of service of the Order.