

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59958 / May 21, 2009

INVESTMENT ADVISERS ACT OF 1940
Release No. 2878 / May 21, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13478

In the Matter of

DARYL L. BATTS,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Daryl L. Batts (“Respondent” or “Batts”).

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, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. From at least October 2000 through June 27, 2008, Batts was a registered representative associated with three registered broker dealers. Batts was associated with: W.C. Smith & Co., Inc. from October 2000 through December 2003; Aura Financial Services, Inc. from January 2004 until April 2004; and MML Investors Services, Inc. from April 2004 until June 27, 2008. During the period Batts was associated with MML Investors Services, it also was a registered investment adviser. On June 27, 2008, MML Investors Services terminated Batts' employment. Batts, 46 years old, currently is incarcerated in federal prison.

2. On July 16, 2008, Batts pleaded guilty to one count of securities fraud in violation of Title 15, United States Code, Section 78b(j), and one count of mail fraud in violation of Title 18, United States Code, Section 1341 before the United States District Court for the District of South Carolina, in United States of America v. Daryl Batts, Case No. 8:08-00716 (D. SC). On December 10, 2008, the United States District Court for the District of South Carolina entered a judgment of conviction against Batts and sentenced him to serve 10 years in federal prison, followed by five years of supervised release, and to pay full restitution in an amount to be determined and a \$200 special assessment. The Court also appointed a receiver over all of Batts' assets.

3. The criminal information to which Batts pleaded guilty alleged, inter alia, that from November 2002 to July 2008, Batts defrauded numerous of his brokerage customers of at least \$5 million by making various misrepresentations regarding securities he purportedly purchased on their behalf. In fact, he misappropriated his customers' money and concealed his wrongdoing by preparing false monthly statements for each customer that set forth the securities the customer purportedly owned, and indicated that the customer was earning substantial returns.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent be, and hereby is barred from association with any broker, dealer, or investment adviser.

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 disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary