

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 9195 / March 4, 2011

SECURITIES EXCHANGE ACT OF 1934

Release No. 64035 / March 4, 2011

INVESTMENT COMPANY ACT OF 1940

Release No. 29595 / March 4, 2011

INVESTMENT ADVISERS ACT OF 1940

Release No. 3170 / March 4, 2011

ADMINISTRATIVE PROCEEDING

File No. 3-14286

In the Matter of

**SBM INVESTMENT
CERTIFICATES, INC. f/k/a/
1st ATLANTIC GUARANTY
CORP., SBM CERTIFICATE
COMPANY, GENEVA
CAPITAL PARTNERS, LLC
and ERIC M. WESTBURY,
SR.**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTION
21C OF THE SECURITIES EXCHANGE ACT
OF 1934, SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND SECTIONS 9(b) AND 9(f) OF THE
INVESTMENT COMPANY ACT OF 1940,
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”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against SBM Investment Certificates, Inc. f/k/a/ 1st Atlantic Guaranty Corp. (“SBMIC”), SBM Certificate Company (“SBMCC”), Geneva Capital Partners, LLC (“Geneva”) and Eric M. Westbury, Sr. (collectively “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Section 203(f) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds¹ that:

A. Summary

This matter arises from the failure of two face-amount certificate companies, SBMIC and SBMCC, registered with the Commission pursuant to Section 8(a) of the Investment Company Act, 15 U.S.C. § 80a-8(a), to maintain adequate qualified reserves and to fully and truthfully disclose to investors material facts related to the financial condition and operations of the companies during the time period of January 1, 2003 through April 4, 2006 (the “relevant period”). In addition, this matter involves the offer to sell fixed interest rate investment certificates by Geneva, the parent of SBMIC and SBMCC, and the failure of Geneva to fully and truthfully disclose material information regarding these investments as well as misstatements concerning assets held in Geneva’s custody on behalf of a purchaser of these fixed interest rate certificates.

B. Respondents

1. **SBM Investment Certificates, Inc. f/k/a 1st Atlantic Guaranty Corporation** has been a Maryland corporation since 1997 with its principal place of business in Vienna, Virginia. SBMIC has been registered with the Commission as a face-amount certificate company since

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

January 1991. Westbury is the Chairman of the Board, Chief Executive Officer and President of SBMIC, and SBMIC is wholly-owned by Geneva Capital Partners, LLC.

2. **SBM Certificate Company** was originally incorporated in Minnesota in June 1990 to assume the face-amount certificate business of SBM Company, which commenced operations in 1914. SBMCC has been registered with the Commission as a face-amount certificate company under Section 8(a) of the Investment Company Act since January 1991. It was reincorporated in Maryland in 2000 and its principal place of business is in Vienna, Virginia. Westbury is the Chairman of the Board, Chief Executive Officer and President of SBMCC. SBMCC is wholly-owned by SBM Financial LLC, which is wholly-owned by SBM Financial Group, a holding company owned by Geneva Capital Partners, LLC.

3. **Geneva Capital Partners, LLC** is a limited liability company organized under the laws of Delaware with its principal place of business in Silver Spring, Maryland. Geneva is an unregistered entity that is wholly owned by Geneva Financial Holdings, LLC, a holding company that is owned principally by Westbury.

4. **Eric M. Westbury, Sr.**, age 47, is a resident of Silver Spring, Maryland. He is Chairman of the Board, Chief Executive Officer and President of both SBMIC and SBMCC. He is associated with an investment adviser and he is the owner and operator of Geneva Financial Holdings, LLC which wholly owns and operates Geneva. Prior to Geneva's acquisition of the stock of SBMIC and SBMCC, Westbury served as President of SBMCC and Executive Vice-President of SBMIC.

C. **Background – Face Amount Certificate Companies**

5. A face-amount certificate company, defined in Section 2(a)(15) of the Investment Company Act, is a specialized type of investment company that issues fixed-income debt securities; these companies agree to pay the principal amount of the instruments (the "face-amount") at maturity, plus periodic interest over the lifetime of the certificate or accrued interest on maturity. The profitability of face-amount certificate companies depends upon the difference between the return they generate on their investment portfolios and the expenses incurred from selling and satisfying certificate obligations.

6. In accordance with Section 28(a) of the Investment Company Act, face-amount certificate companies such as SBMIC and SBMCC are required to maintain reserves equal to the surrender value of the certificates issued plus interest, plus capital stock of not less than \$250,000 that is paid for in cash.

7. Section 28(b) of the Investment Company Act requires that the reserves maintained by such companies be cash or "qualified investments" having a value not less than the aggregate amount of the capital stock requirement and the maturity amount of the outstanding certificates when due. To insure the liquidity required for payments and withdrawals, Section 28(b) specifies the type of "qualified investments" (also referred to as "qualified assets") that must be used to satisfy reserve requirements.

8. Under Section 28(b) of the Investment Company Act, qualified assets are defined as “investments of a kind which life insurance companies are permitted to invest in or hold under the provisions of the Code of the District of Columbia.”

D. SBMIC, SBMCC and Westbury

9. SBMCC maintains outstanding face-amount certificates that have fixed guarantee periods of three, five, seven, and ten years. Of these four types of certificates, three have a maturity of 30 years; the seven year guarantee period certificates have a maturity of 28 years.

10. SBMIC maintains outstanding face-amount certificates that have fixed guarantee periods of one, three, five and ten years. All of SBMIC’s certificates mature in 20 years.

11. During the relevant period, Westbury was the President and Chief Executive Officer of SBMCC and became the Chairman of the Board of Directors on January 28, 2004. Also, during the relevant period, Westbury was the President of SBMIC. In these positions Westbury controlled SBMIC and SBMCC and was aware of, and in certain instances directed, the conduct described below.

12. As of April 4, 2006, over 2,000 investors had over \$37 million invested in SBMIC and SBMCC certificates.

13. During the relevant period, SBMIC and SBMCC did not maintain sufficient qualified assets to meet the requirements of Sections 28(a) and (b) of the Investment Company Act.

14. SBMCC was under reserved during the relevant time period, including but not limited to, by no less than \$1.962 million at the close of 2003, \$4.943 million as of the close of the first quarter of 2004, \$9.057 million by the close of 2004, and \$14.185 million by the close of 2005.

15. According to SBMIC records, SBMIC was required to maintain certificate reserves of approximately \$5.246 million at the close of 2003 and approximately \$2.545 million at the close of 2004.

16. SBMIC was under reserved during the relevant period, including but not limited to, by no less than \$541,981 at the close of 2003, or 10% below the required reserve amount, and \$366,236 by the close of 2004, or 14% below the required reserve amount.

17. During the relevant period, SBMIC accepted new investments from certain existing certificate holders.

18. During the relevant period, both SBMIC and SBMCC continued to sell securities by permitting, and in many instances soliciting, existing certificate holders to “roll over” their invested capital.

19. While both SBMIC and SBMCC continued to sell securities, they failed to disclose, and in some instances misrepresented, to purchasers material facts, including, but not limited to, the deteriorating financial condition of the companies, the lack of sufficient qualified reserves to satisfy outstanding obligations to certificate holders, the purchase of unqualified assets, the overvaluing of certain qualified assets and the pledging of certain SBMCC reserve assets to secure obligations of Geneva to the District of Columbia Department of Banking.

20. For example, SBMCC failed to disclose an interested transaction that, while recorded and represented in public filings as an SBMCC qualified asset having a value as high as approximately \$1.3 million, was undocumented and worthless.

21. In addition, SBMCC recorded and represented in public filings certain purported mortgage notes held for sale as qualified assets when these assets were not owned by SBMCC.

22. Pursuant to Section 30 of the Investment Company Act, SBMCC was required to file Forms 10-K and 10-Q during the relevant time period. SBMCC did not file its Forms 10-K for the years 2004 and 2005. Further, SBMCC failed to file its Form 10-Q for each quarter from the second quarter of 2004 through the remainder of the relevant period.

23. SBMCC’s financial condition deteriorated over the relevant period. SBMCC, with Westbury’s knowledge, disclosed in a public filing in 2008 that SBMCC’s total investment income declined from \$2.705 million in 2003 to \$1.198 million in 2004 and \$583,000 in 2005. Net investment losses rose from \$1.879 million in 2003 to \$4.051 million in 2004 and \$4.958 million in 2005. Overall, SBMCC suffered a net loss of \$2.487 million in 2003 that rose to \$5.243 million in 2004 and \$5.805 million in 2005.

24. During the relevant period, Geneva made significant capital contributions to SBMIC and SBMCC so that SBMIC and SBMCC could satisfy ongoing obligations to pay interest on certificates and expenses from operations. SBMIC and SBMCC’s declining investment income was insufficient to pay such interest and expenses.

25. Despite the knowledge and understanding of these facts, during the relevant period SBMIC and SBMCC failed to inform purchasers of material information and, in the instance of SBMCC, encouraged certain certificate holders to roll over investments by falsely describing the investment as providing “a safe investment vehicle, excellent earnings, and flexibility.” The misrepresentations and associated omissions by SBMIC and SBMCC described above, known to and directed by Westbury, misled investors.

E. Geneva and Westbury

26. Geneva issued two investment notes to the District of Columbia Department of Banking: Investment Note 227507 dated August 28, 2003, in the amount of \$10,000,000; and Investment Note 227509 dated July 9, 2004, in the amount of \$5,666,370 (“Investment Notes”). Westbury signed these notes on behalf of Geneva.

27. To pay for these notes, the District of Columbia Department of Banking used District and federal funds earmarked for the District of Columbia Charter School Credit Enhancement Fund, which provides loans and guarantees to charter schools to improve their creditworthiness so that commercial financial institutions will be more willing to make loans to, and/or participate in bond issues, for the particular charter school’s capital improvements.

28. During the relevant time period, the District of Columbia also delivered to Geneva for the benefit of the Department of Banking and Financial Institution Credit Enhancement Program an additional approximate \$5 million in cash and securities earmarked for the District of Columbia Charter School Credit Enhancement Fund.

29. At the time of the purchase of the Investment Notes by the District of Columbia Department of Banking and thereafter, Westbury and Geneva failed to adequately disclose, and misrepresented, the manner in which the proceeds from the issuance of the notes purchased by the District of Columbia Department of Banking would be invested and the safety of such investments.

30. In addition, Geneva and Westbury falsely represented to the District of Columbia Department of Banking that certain SBMCC assets were available as collateral to satisfy an obligation of Geneva to the District of Columbia Department of Banking. They also failed to disclose conflicts of interest involving Geneva employees or directors of affiliates who also held positions with the District of Columbia and were involved with the selection and distribution of funds to Geneva from the District of Columbia Department of Banking.

31. With regard to the \$5 million of cash and securities delivered by the District of Columbia Department of Banking, Westbury and Geneva failed to maintain these assets in the manner agreed to by the parties and failed to correctly report the value and composition of these assets to the District of Columbia Department of Banking.

F. Violations

32. As a result of the conduct described above concerning the operations of SBMIC and SBMCC, including but not limited to misrepresentations and omissions regarding the declining and precarious condition of SBMIC and SBMCC, the lack of sufficient qualified reserves to satisfy outstanding obligations to certificate holders, the purchase of unqualified assets, the overvaluing of certain qualified assets and the pledging of certain SBMCC reserve assets to secure obligations of Geneva to the District of Columbia Department of Banking, Respondents SBMIC, SBMCC and Westbury willfully violated the federal securities laws, as follows:

- a. SBMIC and SBMCC violated Sections 28(a) and (b) of the Investment Company Act;
- b. SBMIC, SBMCC and Westbury 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 or sale of securities and in connection with the purchase or sale of securities.

33. As a result of the conduct described above concerning the offer or sale of securities by Geneva, including but not limited to the manner in which the District of Columbia Department of Banking assets would be invested and the safety of such investments, falsely representing to the District of Columbia Department of Banking that certain assets were available as collateral, and failing to disclose conflicts of interest, Respondents Geneva and Westbury 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 or sale of securities and in connection with the purchase or sale of securities.

G. Undertakings

34. Within sixty (60) days of the entry of this Order, Westbury will no longer be an affiliated person, as defined in Section 2(a)(3) of the Investment Company Act (or an affiliated person of an affiliated person), of SBM Financial, LLC, the investment adviser to SBMIC and SBMCC, and will not in the future be an affiliated person (or affiliated person of an affiliated person) of any investment adviser to SBMIC and SBMCC.

35. Upon entry of this Order, Westbury will no longer serve as President of SBMIC and SBMCC. Westbury will remain as Chairman and Chief Executive Officer of SBMIC and SBMCC to ensure that SBMIC and SBMCC comply with the undertakings imposed by the United States District Court for the District of Maryland in the action captioned Securities and Exchange Commission v. SBM Investment Certificates, Inc. et al, 8:06-cv-00866-DKC (“Civil Action”). Upon termination of the independent consultant’s duties as ordered by the Court in the Civil Action, Westbury will no longer serve in any officer, director, employee or consulting positions or capacities with SBMIC and SBMCC, and will no longer be involved in the daily operations or investment decisions of those entities.

36. Respondents shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to G. Jeffrey Boujoukos, Regional Trial Counsel, Philadelphia Regional Office, with a copy to the Office of Chief Counsel of the Division of Enforcement, no later than sixty (60) days from the date of the completion of the undertakings.

37. In determining whether to accept the Offers, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to accept the Offers submitted by the Respondents and impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act and Section 9(f) of the Investment Company Act with regard to SBMIC and SBMCC, Section 8A of the Securities Act, Section 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act with regard to Westbury, and Section 8A of the Securities Act and Section 21C of the Exchange Act, with regard to Geneva, it is hereby ORDERED that:

1. Respondent Westbury is censured.
2. Respondents SBMIC, SBMCC, Geneva and Westbury shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder.
3. Respondent Westbury shall pay a civil money penalty in the amount of \$130,000 to the United States Treasury. Payment shall be made in the following installments: (a) \$43,000, within thirty (30) days of the issuance of this Order, (b) \$29,000 within one hundred and twenty (120) days of the issuance of this Order, (c) \$29,000 within two hundred and forty (240) days of the issuance of this Order and (d) \$29,000 within 360 days of the issuance of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. Payments shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Westbury as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to G. Jeffrey Boujoukos, Regional Trial Counsel, United States Securities and Exchange Commission, 701 Market Street, Suite 2000, Philadelphia, PA 19106.

4. Respondents SBMIC, SBMCC and Westbury shall ensure that SBMIC and SBMCC comply with the undertakings imposed by the United States District Court for the District of Maryland in the action captioned Securities and Exchange Commission v. SBM Investment Certificates, Inc. et al, 8:06-cv-00866-DKC.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Section 203(f) of the Investment Advisors Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order ("Order"), on the Respondents and their legal agents.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
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100 F Street, N.E.
Washington, DC 20549-2557

G. Jeffrey Boujoukos, Esquire
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