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 Lewis J. Hunter (“Respondent” or “Hunter”).

II.

After an investigation, the Division of Enforcement alleges that:

A. **RESPONDENT**

1. Hunter, age 44, is a resident of Detroit, Michigan. From November 15, 2006 through October 19, 2011, Hunter was a registered representative at HD Vest Investment Securities, Inc., d/b/a H.D. Vest Investment Services (“HD Vest”), a registered broker-dealer headquartered in Irving, Texas.
B. OTHER RELEVANT ENTITIES

1. National Business Concepts, LLC (“NBC”) is a Michigan limited liability company, with a principal place of business in Niles, Michigan. NBC’s principal business purportedly consists of accounting, bookkeeping, tax preparation, and business consulting and management. While a registered representative at HD Vest, Hunter became a partner at NBC on December 31, 2007. He eventually obtained an approximate 9% ownership interest in NBC in 2010.

2. National Business Concepts International-CME Trade Group, LLC (“NBCI”) is a Michigan limited liability company, with a principal place of business in Niles, Michigan. The main purpose of NBCI was to fund the foreign currency trading conducted by International Trade Alliance, LLC. Hunter had signatory authority over some of NBCI’s bank accounts and maintained control over its brokerage account.

3. International Trade Alliance, LLC (“ITA”) is a Michigan limited liability company, with a principal place of business in Niles, Michigan. The main purpose of ITA was to conduct foreign currency trading. Its only client was NBCI. Hunter maintained control over ITA’s bank account.

C. FRAUDULENT MISAPPROPRIATION SCHEME

1. In or around September 2010, Hunter recommended an investment in a “Canadian bank” to two long-time, elderly clients (collectively, “Victim 1”). Hunter told Victim 1 that the investment would have to be funded and held outside of the HD Vest brokerage account because the investment was not offered on HD Vest’s trading platform. Hunter repeatedly assured Victim 1 that the investment was “guaranteed.”

2. Unbeknownst to Victim 1, on September 27, 2010, Hunter caused HD Vest to wire $150,000 from Victim 1’s brokerage account into a bank account held in the name of NBCI. After being confronted by Victim 1 about the withdrawal of funds, Hunter told Victim 1 that he used the funds to purchase a “Guaranteed Investment Certificate” (“GIC”) issued by HSBC Bank Canada. Hunter then provided Victim 1 with a copy of what appeared to be a GIC dated October 28, 2010 (the “2010 GIC”) in the amount of $150,000. The 2010 GIC purportedly guaranteed monthly interest payments of 15% for two years.

3. In or around February 2011, Hunter recommended that Victim 1 purchase a second GIC from HSBC Bank Canada in the amount of $100,000. Without prior authorization, Hunter caused HD Vest to wire $100,000 from Victim 1’s brokerage account into a bank account in the name of NBCI on February 3, 2011. After being confronted again by Victim 1 over the withdrawn funds, Hunter provided Victim 1 another GIC dated February 14, 2011 (the “2011 GIC”) in the amount of $100,000. The 2011 GIC purportedly guaranteed monthly interest payments of 15% for two years.
4. In reality, Hunter did not make any investment with HSBC Bank Canada as he represented to Victim 1. Further, he fabricated what purported to be documentation of the 2010 and 2011 GICs to make Victim 1 believe that funds were invested as Hunter had represented. Instead, Hunter used Victim 1’s funds to pay for various personal and business expenses.

5. Shortly after NBCI received the $150,000 from Victim 1 pursuant to the 2010 GIC, Hunter wired the funds into a SmartTradeFX account in the name of NBCI. ITA, another company controlled by Hunter, used the $150,000 obtained from Victim 1 to trade foreign currencies over the course of a year. Because ITA earned a commission of $50 for every trade it executed, ITA’s trading strategy involved making a large number of trades, regardless of whether the trading resulted in a profit or loss for the account. As a result of these “commissions,” ITA earned approximately $150,000, which Hunter transferred into bank accounts under his control. He then used the funds to: (i) pay personal and business expenses, (ii) make purported interest payments to Victim 1 on the 2010 GIC, and (iii) repay a personal loan that Victim 1 had made with Hunter.1

6. With respect to the $100,000 received from Victim 1 pursuant to the 2011 GIC, Hunter transferred the funds to a Scottrade account in the name of NBC. The funds were then withdrawn from the Scottrade account and deposited into a NBC bank account. Once in the NBC bank account, Hunter used those funds to pay for various personal and business expenses, including an office rental, an apartment rental, automobile payments, food, gasoline, utilities, airfare, hotels, clothing, gym memberships, personal grooming, and costs related to his children’s schooling. Hunter also used the funds to pay $44,000 in personal loan repayments to Victim 1, and $6,250 in “interest” payments to Victim 1 pursuant to the 2010 and 2011 GICs. Hunter stopped making “interest” payments to Victim 1 pursuant to the 2010 and 2011 GICs in September 2011.

7. Similarly, in August 2010, Hunter recommended that a long-time, elderly client (“Victim 2”), make an investment in “US Bank.” Hunter recommended Victim 2 make the investment outside of his account at HD Vest, and guaranteed that the investment would not lose any money. Based on Hunter’s representations, Victim 2 signed a wire transfer form that authorized the transfer of $54,000 to “US Bank.” The funds, however, were wired into a Scottrade account held in the name of NBC on August 13, 2010.

8. Hunter never invested Victim 2’s $54,000 in US Bank. Nor were the funds used for any other investment. Instead, the funds were withdrawn from the Scottrade account and deposited into a NBC bank account. Over the course of six months, Hunter used the funds to pay personal and business expenses, including an office

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1 Hunter obtained various personal loans from Victim 1 on at least three occasions in 2010 and 2011, borrowing a total of $175,000 from Victim 1. While Hunter has repaid Victim 1 on a $50,000 loan from early 2010, Hunter has yet to repay a $75,000 loan from February 2011 and a $50,000 loan from July 2011. Repayments on those loans stopped in September 2011.
rental, apartment rental, airline tickets, auto expenses, food, and over $33,000 in personal loan repayments to Victim 1. Victim 2 has never received any interest payments related to the “investment.”

D. VIOLATIONS

1. As a result of the conduct described above, Hunter willfully violated Sections 17(a)(1), (2), and (3) of the Securities Act, Section 10(b) of the Exchange Act, and Rules 10b-5(a), (b), and (c) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 8A of the Securities Act and Section 21B of the Exchange Act;

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether Respondent should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and whether Respondent should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission’s Rules of Practice, 17 C.F.R. § 201.110.
IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission’s Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission’s Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary