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 Stephen B. Blankenship ("Blankenship" or "Respondent").

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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of
III.

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

1. Blankenship, age 63, is a resident of New Fairfield, Connecticut and former registered representative of Vanderbilt Financial Services, Inc., a broker-dealer registered with the Commission.

2. On September 12, 2012, Blankenship pled guilty to one count of Mail Fraud in violation of Title 18 of the United States Code, Section 1341 and one count of Securities Fraud in violation of Title 15 of the United States Code, Section 78j(b) and Title 17, Code of Federal Regulations, Section 240.10b-5 before the United States District Court for the District of Connecticut, in United States of America v. Stephen B. Blankenship, Criminal No. 12-197 (VLB).

3. The two counts of the criminal Information to which Blankenship pled alleged, inter alia, that while acting as a registered representative of a broker-dealer and an investment adviser, Blankenship knowingly, willfully, and with the intent to defraud participated in a scheme to defraud his customers of Deer Hill Financial Group, LLC, an unregistered entity that Blankenship owned and operated in Danbury, Connecticut. For the Mail Fraud count and the Securities Fraud count, the Information alleges that from in or about 2002 and continuing until in or about March 2012, Blankenship enriched himself and Deer Hill by fraudulently obtaining money from Deer Hill customers through the sale of securities that would purportedly pay a safe return and by falsely representing that funds placed with Blankenship had been and would be used to purchase such securities. In furtherance of the scheme, Blankenship caused Deer Hill customers to provide him, by way of wire transfers and checks, approximately $800,000 in funds and diverted those funds for his own personal use and benefit, including to pay for personal expenses such as travel expenses, shopping, credit card payments, mortgage payments, improvements on his home, and for business expenses of Deer Hill. To corroborate the fraudulent misrepresentations that Blankenship made to Deer Hill customers, Blankenship sent his customers official-looking documents that contained false and misleading representations. The fraudulent documents that Blankenship sent included fraudulent “account statements” that reflected, among other things, fictitious holdings, fictitious transactions, fictitious prices for the securities, and fictitious balances. These account statements were sent to the Deer Hill customers for the purpose of lulling them into believing that their funds had been invested as represented, were secure, and were appreciating in value.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Blankenship’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 Blankenship be, and hereby is:
barred from association with any broker, dealer, investment adviser, municipal securities
dealer, municipal advisor, transfer agent, or nationally recognized statistical rating
organization; and

barred from participating in any offering of a penny stock, including: acting as a
promoter, finder, consultant, agent or other person who engages in activities with a
broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or
inducing or attempting to induce the purchase or sale of any penny stock.

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