

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3525 / December 21, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15153

In the Matter of

James S. Ward,
Edward G. Locker,
Richard F. Tipton, and
David C. Lin,

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940 AND NOTICE OF HEARING**

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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against James S. Ward, Edward G. Locker, Richard F. Tipton, and David C. Lin (“Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. Respondent Ward was co-owner of Jim Ward & Associates (“JWA”) and operated JWA from 2001 until at least 2006. From 2003 to 2006, JWA was investment adviser to Blue Chip Realty Fund LLC (“Blue Chip”), and Ward was associated with JWA. Ward also was an owner of JSW Financial Inc. (“JSW”), which stood for “James Stanley Ward,” and continued to participate in JSW’s operations from 2006 until at least 2008 in the same manner as he had with JWA. Ward was responsible for, among other duties at JWA and JSW, investor relations, loan decisions, project management, and property acquisitions. From 2006 until at least 2008, JSW was investment adviser to Blue Chip and Shoreline Investment Fund, LLC (“Shoreline”), and Ward was associated with JSW. Ward, age 66, is a resident of Delaware, Ohio.

2. Respondent Locker was employed at JWA beginning in or about October 2002 and thereafter at JSW until it ceased operations. From 2003 to 2006, JWA was investment adviser to Blue Chip and Locker was associated with JWA. Locker became President and a one-third owner of JSW in or about January 2006. Locker was responsible for, among other duties at

JWA and JSW, investor relations, loan decisions, project management, and property acquisitions. Locker also directly supervised employees who handled accounting and bookkeeping for JWA and JSW. From 2006 until at least 2008, JSW was investment adviser to Blue Chip and Shoreline and Locker was associated with JSW. Locker, age 37, is a resident of Highland Heights, Ohio.

3. Respondent Tipton was employed at JWA beginning in or about March 2005 and thereafter at JSW until it ceased operations. Tipton became Vice President and a one-third owner of JSW in or about January 2006. Tipton was responsible for, among other duties at JWA and JSW, investor relations and strategic planning. From 2006 until at least 2008, JSW was investment adviser to Blue Chip and Shoreline and Tipton was associated with JSW. Tipton, age 62, is a resident of Palo Alto, California.

4. Respondent Lin was employed at JWA beginning in or about December 2004 and thereafter at JSW until it ceased operations. Lin became Secretary and Counsel, and a one-third owner of JSW, in or about January 2006. Lin was responsible for, among other duties at JWA and JSW, legal compliance matters and documentation. From 2006 until at least 2008, JSW was investment adviser to Blue Chip and Shoreline and Lin was associated with JSW. Lin, age 45, is a resident of Sunnyvale, California.

B. RESPONDENTS' CRIMINAL CONVICTIONS

5. On December 6, 2011, Ward pled guilty to one count of conspiracy to commit mail and wire fraud in violation of Title 18 United States Code, Section 1349, before the United States District Court for the Northern District of California, in United States v. Ward, Case Number CR-11-00393-001 TEH. On August 23, 2012, a judgment in the criminal case was entered against Ward. He was sentenced to a prison term of 60 months followed by three years of supervised release.

6. On December 7, 2011, Locker pled guilty to one count of conspiracy to commit mail and wire fraud in violation of Title 18 United States Code, Section 1349, before the United States District Court for the Northern District of California, in United States v. Locker, Case Number CR-11-00393-002 TEH. On October 16, 2012, a judgment in the criminal case was entered against Locker. He was sentenced to a prison term of 30 months followed by three years of supervised release.

7. On December 7, 2011, Tipton pled guilty to one count of conspiracy to commit mail and wire fraud in violation of Title 18 United States Code, Section 1349, before the United States District Court for the Northern District of California, in United States v. Tipton, Case Number CR-11-00393-003 TEH. On September 26, 2012, a judgment in the criminal case was entered against Tipton. He was sentenced to a prison term of 18 months followed by three years of supervised release.

8. On May 15, 2012, a jury found Lin guilty of one count of conspiracy to commit mail fraud or wire fraud in violation of Title 18 United States Code, Section 1349; one count of wire fraud in violation of Title 18 United States Code, Section 1343; and sixteen counts of mail fraud in violation of Title 18 United States Code, Section 1341, before the United States District Court for the Northern District of California, in United States v. Lin, Case Number CR-

11-00393-004 TEH. On September 26, 2012, a judgment in the criminal case was entered against Lin. He was sentenced to a prison term of 28 months followed by three years of supervised release.

9. On November 5, 2012, the District Court for the Northern District of California ordered Ward, Locker, Tipton, and Lin to pay restitution, on a joint-and-several basis, in an amount to be determined after a restitution hearing, which was held on December 3, 2012.

10. The count of the criminal indictment to which Respondents Ward, Locker, and Tipton pled guilty, and the counts of which Respondent Lin was found guilty, alleged, *inter alia*, that Respondents engaged in a scheme to defraud investors in Blue Chip and Shoreline by misrepresenting that investors' money would be and was being used to make loans secured by deeds of trust on real estate. The indictment further alleged that Respondents knew that, at least from September 2005 through October 2008, almost none of the money invested in Blue Chip and Shoreline was used for loans secured by deeds of trust, but rather was used to make purported interest payments to earlier investors and for other business expenses. According to the indictment, Respondents thereby knowingly and intentionally conspired to and did devise a material scheme and artifice to defraud and to obtain money and property from investors through JWA and JSW by means of materially false and fraudulent pretenses, representations, and promises, and statements containing material omissions, and for the purpose of executing such scheme and artifice to defraud, knowingly and intentionally caused matter to be delivered by the United States Postal Service and private and commercial interstate carriers and transmitted writings and other matter by means of wire in interstate commerce. The conduct that is the basis of Respondents' criminal convictions arises out of the conduct of the business of an investment adviser and occurred while Respondents were associated with an investment adviser.

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 proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 203(f) of the Advisers 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 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 Respondents each 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 any Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, that 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 Respondents personally, by certified mail, or as otherwise provided by Rule 141 of the Commission's Rules of Practice, 17 C.F.R. § 201.141.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2).

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