

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9406 / May 30, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 69668 / May 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-14974

In the Matter of

LEWIS J. HUNTER,

Respondent.

**ORDER PURSUANT TO SECTION 8A OF
THE SECURITIES ACT OF 1933, AND
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 9(B) OF THE
INVESTMENT COMPANY ACT, 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 an order be issued in this matter 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”), and Section 9(b) of the Investment Company Act against Lewis J. Hunter (“Respondent” or “Hunter”).

II.

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, which are admitted, Respondent consents to the entry of this Order pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act, 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 Respondent's Offer, the Commission finds that:

A. Lewis J. Hunter was a registered representative with registered broker-dealer HD Vest when he misappropriated \$304,000 from brokerage customers by promising guaranteed returns in both foreign and domestic bank investments. In reality, Hunter used the funds to pay for personal and business expenses. Hunter concealed his actions by making false and misleading representations to his clients, including fabricating bank documents that purported to memorialize investments.

B. In or around September 2010 and February 2011, Hunter recommended an investment in a Canadian bank to two long-time, elderly clients (collectively, Victim 1). Hunter repeatedly assured Victim 1 that the investment was guaranteed. Hunter provided Victim 1 with two Guaranteed Investment Certificates ("GICs"), totaling the \$250,000 investment in a Canadian bank. The GICs were purportedly issued by HSBC Bank Canada and guaranteed monthly interest payments of 15% for two years. In reality, Hunter did not make the investment with HSBC Bank Canada, as he had represented to Victim 1. Instead, Hunter fabricated what purported to be documentation of the GICs and used Victim 1's funds to pay for various personal and business expenses. In addition, Hunter used the funds to make interest payments to Victim 1 pursuant to the GICs and repay a personal loan that Victim 1 had made with Hunter.

C. In August 2010, Hunter recommended that a long-time, elderly client (Victim 2), make an investment in US Bank, which Hunter guaranteed would not lose any money. Based on Hunter's representations, Victim 2 provided Hunter with \$54,000 for use in another investment in US Bank. Hunter, however, never invested Victim 2's money in US Bank or any other investment. Instead, Hunter used the funds to pay personal and business expenses, including personal loan repayments to Victim 1.

D. Respondent admits to the jurisdiction of the Commission over him and over the matters set forth in the Order;

E. Respondent consents to the issuance of the Order by the Commission, without otherwise admitting or denying the findings set forth in the Order; and

Based on the above, the Commission finds that the Respondent willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate, and for the protection of investors, to impose the sanctions agreed to in Respondent Hunter's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, and Sections 15(b) and 21C of the Securities Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Hunter cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Hunter be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, nationally recognized statistical rating organization, or participating in an offering of a penny stock;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and,

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.

C. Respondent shall, within one year of entry of this Order, pay disgorgement of \$295,875 and prejudgment interest of \$19,297.84, for a total of \$315,172.84. Also, Respondent shall, within one year of the entry of this Order, pay a civil penalty in the amount of \$150,000.

Therefore, Respondent shall pay the total of disgorgement, prejudgment interest, and civil penalty due of \$465,172.84 in four installments to the Commission according to the following schedule:

- (1) \$116,293.21 within 90 days of the entry of this Order;
- (2) \$116,293.21 within 180 days of the entry of this Order;
- (3) \$116,293.21 within 270 days of the entry of this Order;
- (4) \$116,293.21 within 360 days of the entry of this Order.

Payments shall be deemed made on the date they are received by the Commission. If Respondent fails to make any payment by the agreed installment dates and/or in the agreed amounts according to the schedule set forth above, all outstanding payments under this Order, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission. Interest shall not accrue if timely payments are made in accordance with the schedule above; however, interest shall begin to accrue upon failure to comply in any way with the schedule above, in accordance with SEC Rule of Practice 600 and 31 U.S.C. 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Lewis J. Hunter as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to David Peavler, Associate Director, Division of Enforcement, Securities and Exchange Commission, Fort Worth Regional Office, 801 Cherry Street, Suite 1900, Fort Worth, Texas 76102.

D. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil

penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Elizabeth M. Murphy
Secretary