UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70633 / October 8, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15553

In the Matter of
Arn Wilson,
Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF
THE SECURITIES EXCHANGE ACT
OF 1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS

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") against Arn Wilson ("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 1934, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

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

2. On January 28, 2011, Wilson plead guilty to (1) conspiracy: to commit fraud in connection with the purchase or sale of securities, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; to commit wire fraud, in violation of Title 18 United States Code, Section 1343; and to commit mail fraud in violation of Title 18, United States Code, Section 1341; (2) securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; (3) wire fraud in violation of Title 18 United States Code, Section 1343 and 2; (4) mail fraud in violation of Title 18, United States Code, Section 1341 and 2, before the United States District Court for the Southern District of New York, in United States v. Ross Mandell, et al, 09-cr-662 (S.D.N.Y.). Wilson’s sentencing hearing has not yet been scheduled.

3. The counts of the criminal indictment under which Wilson pleaded guilty alleged, inter alia, that from at least in or about 1998 through in or about 2006, Wilson and others participated in a securities fraud scheme through Thornwater and Sky Capital. Wilson and others carried out this scheme by soliciting millions of dollars from investors under false pretenses, manipulating the market for certain affiliated companies’ stocks, failing to use investors’ funds as promised, and misappropriating and converting investors’ funds without their knowledge. In furtherance of this scheme, Wilson and others used material misrepresentations and omissions to cause individuals to invest in a series of purported investment opportunities, including private placements. Wilson and others raised a total of approximately $140 million from investors through their fraudulent scheme. Wilson and his co-defendants used those funds to enrich themselves, pay undisclosed commissions to brokers, and pay off earlier investors who had lost funds on prior purported investment opportunities.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Wilson’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Wilson be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent; 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