

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3576 / April 4, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15153

In the Matter of

Richard F. Tipton,

Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940 AS
TO RICHARD F. TIPTON

I.

In these proceedings, instituted on December 21, 2012 pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), respondent Richard F. Tipton (“Respondent”) has submitted an Offer of Settlement (“Offer”) which the Securities and Exchange Commission (“Commission”) has determined to accept.

II.

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 Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 as to Richard F. Tipton (“Order”), as set forth below.

III.

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

1. Respondent was employed at Jim Ward & Associates (“JWA”) beginning in or about March 2005 and thereafter at JSW Financial Inc. (“JSW”) until it ceased operations. Respondent became Vice President and a one-third owner of JSW in or about January 2006. Respondent 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 Realty Fund LLC (“Blue Chip”) and Shoreline Investment Fund, LLC (“Shoreline”) and Respondent was associated with JSW. Respondent, age 62, currently is incarcerated and previously was a resident of Palo Alto, California.

2. On December 7, 2011, Respondent 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 Respondent. He was sentenced to a prison term of 18 months followed by three years of supervised release.

3. On November 5, 2012, the District Court for the Northern District of California ordered Respondent to pay restitution, on a joint-and-several basis with three other defendants in the criminal action, in an amount to be determined after a restitution hearing, which was held on December 3, 2012. On January 14, 2013, the Court ordered Respondent and three other defendants to pay criminal restitution of \$8,628,963.44 on a joint-and-several basis.

4. The count of the criminal indictment to which Respondent pled guilty alleged, *inter alia*, that Respondent, together with the other officers of JSW, 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 Respondent and the other officers 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, Respondent 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 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.

5. The conduct that is the basis of Respondent's criminal conviction arises out of the conduct of the business of an investment adviser and occurred while Respondent was associated with an investment adviser.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent be, and hereby is:

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

Any reapplication for association by 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 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