

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940  
Release No. 3709 / November 1, 2013

ADMINISTRATIVE PROCEEDING  
File No. 3-15381

In the Matter of

**JOHN HAGENER,**

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS  
PURSUANT TO SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940**

**I.**

The Securities and Exchange Commission (“Commission”) has instituted public administrative proceedings pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against John Hagener (“Respondent”).

**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, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940, (“Order”), as set forth below.

### **III.**

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

1. Hagener, age 76, resides in Roseville, California, and is the father-in-law of Lawrence "Lee" Loomis, formerly of Granite Bay California. During 2007 and 2008, Hagener managed Lismar Financial Services, LLC ("Lismar") and also managed the Naras Secured Fund, LLC and Naras Secured Fund #2, LLC ("Naras Funds"), for which Lismar, and ultimately Hagener, was paid fees.

2. On April 12, 2013, an order of injunction was entered, by consent, against Hagener, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1), (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8], in the civil action entitled Securities and Exchange Commission v. Loomis, et al., Case No. 2:10-cv-00458-KJM-KJN in the United States District Court for the Eastern District of California.

3. The Commission's complaint alleged, among other things, that Hagener is the father-in-law of defendant Lawrence "Lee" Loomis, formerly of Granite Bay California. As part of a fraudulent scheme, Loomis controlled and operated several related entities, including defendant Loomis Wealth Solutions ("Loomis Wealth"). During 2007 and 2008, Loomis and Hagener raised over \$10 million from more than 100 investors in the Naras Funds through material misstatements and omissions. The Complaint alleged that Hagener represented to Naras Fund investors that all Fund loans would be secured by second deeds of trust and that the Naras Funds would operate with a high degree of liquidity and provide a constant 12% annual return. In reality, Hagener authorized and/or knew about Naras Fund loans that did not receive any security interest in real estate and that did not receive any promised interest payments from the Loomis entities that received the Naras Fund loans. Hagener therefore deprived the Naras Funds of the promised safety and income from the loans to the various Loomis entities. Additionally, the Complaint alleged that to perpetuate the fraudulent scheme, Hagener prepared and sent through the mail monthly Naras Funds account statements to investors falsely informing them that they had earned 12 % returns by describing "account" balances that misleadingly implied that their principal was intact and that they were earning such returns, when, in truth, the Naras Funds had been misappropriated and were depleted to fund the operations of other companies related to Loomis. The complaint further alleged that Hagener participated in the sale of unregistered securities. The Naras Fund investors allegedly suffered about \$10 million in losses. Hagener received about \$190,000 in payments from the Naras Funds through management fees paid by the Naras Funds to defendant Lismar.

### **IV.**

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

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

A. Respondent Hagener 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.

Any application 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