

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72832 / August 13, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3894 / August 13, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16013

In the Matter of

NICHOLAS D. SKALTSOUNIS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b)
OF THE SECURITIES EXCHANGE
ACT OF 1934 AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Nicholas D. Skaltsounis (“Respondent” or “Skaltsounis”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From at least January 2006 through November 2009 (the “relevant period”), Skaltsounis was the President and Chief Executive Officer of AIC, Inc. (“AIC”) and three of its subsidiaries, Community Bankers Securities, LLC (“CB Securities”), Advent Securities, Inc. (“Advent”), and CBS Advisors, LLC (“CBS Advisors”). Skaltsounis was also a member of the board of directors of AIC and the Chairman of the board of directors of Waterford Investor

Services, Inc. (“Waterford”), another AIC subsidiary. During the relevant period, CB Securities, Advent, and Waterford (which subsequently changed its name to Allied Beacon Partners, Inc.) were registered as broker-dealers with the Commission, and CBS Advisors (which subsequently changed its name to Allied Beacon Wealth Management, LLC and then to CL Wealth Management, LLC) was an investment adviser registered with ten different states, including the State of Tennessee. During the relevant period, including while he engaged in the conduct underlying the complaint described below, Respondent was a registered representative associated with CB Securities, Advent, and Waterford and was associated with CBS Advisors. Respondent, 70 years old, is a resident of Richmond, Virginia.

B. ENTRY OF THE INJUNCTION

2. On August 1, 2014, a final judgment was entered against Skaltsounis, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. AIC, Inc. et al., Civil Action Number 3:11-CV-176-TAV-HBG, in the United States District Court for the Eastern District of Tennessee. The court also found Skaltsounis liable for disgorgement of \$948,389.13, prejudgment interest of \$138,282.35, and a civil penalty of \$1,505,000, for a total of \$2,591,671.48.

3. The Commission’s complaint (including as amended) alleged that, during the relevant period, Skaltsounis devised and orchestrated an offering fraud and scheme that operated through the sale of approximately \$7 million of AIC promissory notes and stock to dozens of investors in multiple states through misleading and false representations and disclosures that masked the underlying financial hardship of AIC (as well as its subsidiaries, CB Securities, Advent, Waterford, and CBS Advisors) and its inability to pay promised returns without using new investor money. In addition, Skaltsounis used investor money to pay himself almost a million dollars in salary, advances, loans, interest, and dividends during the relevant period. The complaint also alleged that Skaltsounis sold unregistered securities.

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 Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent 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 Respondent 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 Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the 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 Respondent as provided for in the Commission's Rules of Practice.

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.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Jill M. Peterson
Assistant Secretary