

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74469 / March 10, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4043 / March 10, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16427

In the Matter of

Robert J. Lunn,

Respondent.

**ORDER INSTITUTING PUBLIC
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 Robert J. Lunn (“Respondent” or “Lunn”).

II.

After an investigation, the Division of Enforcement alleges that:

A. Respondent

1. Lunn, age 65, is a resident of Chicago, Illinois. From 1970 through at least 2004, Lunn was employed in the securities industry by a variety of registered broker-dealers and investment advisers. From approximately April 1996 to October 2004, Lunn was a registered principal of Chicago, Illinois-based Lunn Partners Securities, LLC, a registered broker-dealer that Lunn owned and operated. During the same time frame, Lunn also owned and operated Chicago-based Lunn Partners, LLC, a registered investment adviser. Until 2004, Lunn held the following

securities licenses with the Financial Industry Regulatory Authority (“FINRA”): General Securities Sales Supervisor, General Securities Principal, and Registered Representative.

B. Respondent’s Criminal Conviction

2. On May 30, 2012, Lunn was indicted in the United States District Court for the Northern District of Illinois, alleging five counts of bank fraud in violation of 18 U.S.C. §1344 based on Lunn’s scheme to defraud a financial institution and two of his investment advisory clients. *United States v. Robert J. Lunn, Case No. 12 CR 402 (N.D. Ill.)*.

3. On October 17, 2014, the jury in *U.S. v. Robert J. Lunn* returned a verdict finding Lunn guilty of each count of the Indictment.

4. The counts of the criminal Indictment alleged that between May 2001 and September 2004, Lunn knowingly devised and participated in a scheme to defraud Leaders Bank, an Oak Brook, Illinois financial institution, and two of his investment advisory clients and to obtain money by materially false and fraudulent pretenses, representations, promises and omissions. Among other things, the Indictment alleged that Lunn fraudulently obtained approximately \$3.2 million in loans from Leaders Bank based on a series of misrepresentations about his own financial assets, the purposes of the loans, and the authorization of his advisory clients purportedly seeking the loans. Lunn used substantially all of the funds for his own benefit, including misappropriating \$1.4 million to make payments to unrelated complaining investment advisory clients. According to the Indictment, Lunn submitted and caused to be submitted two personal financial statements that contained false information. Lunn also misrepresented the purpose of a loan obtained in the name of one of his investment advisory clients and caused a loan application with a forged signature to be submitted on behalf of another investment advisory client without the client’s knowledge, authorization or consent.

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.

By the Commission

Brent J. Fields
Secretary