

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75450 / July 14, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4141 / July 14, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16688

In the Matter of

**BURGESS NATHANIEL
HALLUMS,**

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,
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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Burgess Nathaniel Hallums (“Hallums” or “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 admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections III.2 and III.4 below, and consents to the entry of this 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, 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

1. From January 2003 through October 2011, Hallums was a registered representative with Fortune Securities Inc., a Commission-registered broker-dealer firm. Hallums also owned RMC Capital Management, Inc., which from July 1991 through November 2013, was a California-registered investment adviser. RMC Capital Management’s registration with the California Secretary of State is currently suspended by both the Secretary of State and the Franchise Tax Board. Hallums, 56, is presently incarcerated at the California Institution for Men in Chino, CA. Prior to his incarceration, Hallums resided in Ramona, CA.

2. On November 18, 2013, the California Superior Court entered a Final Judgment against Defendant Burgess Nathaniel Hallums in an action brought against him by the California Department of Corporations entitled California v. RMC Capital Management, Inc.; Burgess Nathaniel Hallums; et al., Case No.: 37-2011-00103198-CU-MC-CTL (Cal. Super. Ct., County of San Diego, Nov. 18, 2013). The California Superior Court Order enjoined Hallums from engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative, including but not limited to, operating a Ponzi scheme, misusing clients funds, employing fraudulent practices and engaging in transactions that operate as a fraud to the detriment of clients, barring him from future employment, management or control of any broker-dealer, investment adviser, or commodity adviser, and ordering him to pay restitution of \$10.4 million and \$875,000 in civil penalties.

3. The Department of Corporations’ complaint alleged that, between 2000 and 2010, Hallums operated a Ponzi scheme in which he raised over \$10 million from nearly 60 investors. The complaint also alleged that Hallums overstated the value of privately held securities held by his clients, inflated his advisory fees, and sent false statements to his clients.

4. On November 18, 2014, Hallums pled guilty to, and was convicted of, making a false statement in connection with the sale of a security, and grand theft of personal property. On January 15, 2015, Hallums was sentenced to five years and eight months imprisonment, ordered to serve four years parole or post-release community supervision, and ordered to pay a \$10 million fine and more than \$1 million in restitution. California v. Burgess Nathaniel Hallums, CT No. CD259775, DA No. ADU741 (Cal. Super. Ct., County of San Diego, Central Division, Nov. 18, 2014).

5. The counts of the criminal information to which Hallums pled guilty alleged, inter alia, that Hallums made a false statement in connection with the sale of a security and committed grand theft of personal property. Hallums admitted that he unlawfully offered to sell, and sold, a security to an investor by means of communications which included untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light

of the circumstances under which they were made, not misleading. The criminal information further alleged that Respondent unlawfully took and stole money and personal property of another investor in excess of \$950; took, damaged and destroyed property, with the intent to cause such taking, damage and destruction, with said loss exceeding \$200,000; and, finally, committed two or more related felonies, a material element of which was fraud and embezzlement, which involved a pattern of related felony conduct involving an investor loss of more than \$500,000.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Hallums 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;

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Hallums be, and hereby is 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.

Brent J. Fields
Secretary