

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4134 / June 30, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3666 / June 30, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16668

In the Matter of

JONATHAN D. DAVEY, CPA

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (the "Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"), against Jonathan D. Davey ("Respondent" or "Davey").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From at least 2001 through May 2009, Davey was the President, Secretary, Treasurer, Director, controlling shareholder, and an associated person of Trustar Capital Management Inc., later known as Safe Harbor Wealth Investments, Inc. ("Safe Harbor"), an Ohio-registered investment adviser. On or about May 28, 2009, Divine Stewardship, LLC ("Divine Stewardship") assumed all of Safe Harbor's assets, policies, and management and continued as successor to Safe Harbor's business as an Ohio-registered investment adviser. Davey served as Divine Stewardship's Manager and he owned and controlled Divine Stewardship.

2. From on or about May 15, 2000 until on or about December 31, 2010, Davey maintained an active certified public accountant license from the state of Ohio.

3. Davey is 51 years old and is currently incarcerated at the Elkton Federal Correctional Institution in Lisbon, Ohio.

B. ENTRY OF RESPONDENT'S CRIMINAL CONVICTION

4. On February 22, 2012, Davey and three other persons were charged with violations of 18 U.S.C. § 371, 18 U.S.C. § 1349, and 18 U.S.C. § 1956(h), pursuant to a Bill of Indictment (the "Indictment") alleging a securities fraud conspiracy, wire fraud conspiracy, and money laundering conspiracy, which Indictment was filed in the United States District Court for the Western District of North Carolina, Charlotte Division, in the case of United States of America v. Jonathan D. Davey, et al., U.S. District Court for the Western District of North Carolina, Charlotte Division, Docket No. 3:12-cr-68-RJC. The Indictment also charged Davey with tax evasion, in violation of 26 U.S.C. § 7201.

5. The Indictment alleged, among other things, that: (a) from approximately October 2007 through April 2010, Davey and other persons carried out an investment fraud conspiracy by convincing investors in Mecklenburg County, North Carolina and elsewhere to invest with the defendants' supposed hedge funds; (b) victims nationwide were defrauded of over \$40 million; (c) Davey served the conspiracy as an "administrator" for his co-conspirators and as a hedge fund manager, and he also lured his own investor victims; (d) Davey used investment adviser Safe Harbor and other affiliated entities to collect victim money; and, (e) Davey conspired to falsely represent to investor victims that the conspirators had conducted due diligence on investments and operated legitimate hedge funds with significant safeguards. The Indictment further alleged that, between August 2008 and February 2011, Davey undertook a number of actions to evade the income taxes properly due and owing on the money that Davey stole from victims to build his personal mansion.

6. On February 8, 2013, after a trial, a jury found Davey guilty of: (a) conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371; (b) conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349; (c) conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h); and, (d) tax evasion, in violation of 26 U.S.C. § 7201.

7. On January 15, 2015, the U.S. District Judge in the criminal case sentenced Davey to 252 months in prison, followed by three years of supervised release, and ordered Davey to pay over \$21.8 million in restitution to defrauded victims and to the Internal Revenue Service. On February 4, 2015, the U.S. District Judge signed a Judgment in a Criminal Case against Davey (the "Conviction"), ordering the sentence imposed at the hearing.

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; and,

B. 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