UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10113 / July 21, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4459 / July 21, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17354

In the Matter of

CONCERT GLOBAL GROUP LIMITED, CONCERT WEALTH MANAGEMENT, INC., and FELIPE LUNA,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") against Respondent Concert Global Group Limited ("Concert Global"); Section 8A of the Securities Act and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Respondent Felipe Luna; and Sections 203(e) and 203(k) of the Advisers Act against Respondent Concert Wealth Management ("Concert Wealth").

II.

In anticipation of the institution of these proceedings, Respondents Concert Global, Luna, and Concert Wealth (collectively, "Respondents") have submitted Offers of Settlement (the "Offers") 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of

1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that

Summary

1. From 2010 through 2013, Concert Global Group Limited ("Concert Global") and its CEO, Felipe Luna, raised approximately $2.2 million through unregistered offers and sales of its common stock to investors, including several of Concert Wealth Management, Inc.'s ("Concert Wealth") advisory clients. In soliciting investments, Concert Global, and its then-CFO supervised by Luna, provided investors with materially misleading private placement memoranda ("PPMs"). These PPMs (1) overstated Concert Global's subsidiaries' assets under management, (2) overstated Concert Global's financial results, and (3) misrepresented or failed to disclose conflicts of interest arising from the potential use of offering proceeds to pay several affiliated entities. Concert Wealth also failed to implement adequate policies and procedures to address the disclosure of possible conflicts of interests between the various Luna-controlled entities.

Respondents

2. **Concert Global Group Limited** ("Concert Global") is a California corporation with its principal place of business in San Jose, California. Concert Global is the parent company and 100% owner of Commission-registered investment adviser Concert Wealth Management, Inc. During the relevant timeframe, Felipe Luna served as Concert Global's CEO and controlled Concert Global through his family trust's ownership of approximately 56% of Concert Global's shares.

3. **Concert Wealth Management, Inc**. ("Concert Wealth") is a California corporation with its principal place of business in San Jose, California. Concert Wealth has been registered as an investment adviser with the Commission since June 21, 2007. From 2010 to 2013, Concert Wealth primarily provided investment advice to individual retail investors. During that period, Concert Wealth grew from approximately $800 million to $1.5 billion in assets under management.

4. **Felipe Luna** ("Luna"), age 48, is a resident of San Jose, California. Luna is CEO and Chairman of the Board of Concert Global; through his family trust, Luna also owns approximately 56% of Concert Global. Luna was also the President of Concert Wealth, oversaw its operations, and provided investment advice to advisory clients. Luna has been an investment

[1] The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

adviser representative since 2002 and has been associated with Concert Wealth since 2006. Luna received a salary from Concert Global, which generated revenues from the advisory fees remitted to it by Concert Wealth.

Facts

A. Concert Global Raised Money From Investors By Making Material Misrepresentations and Omissions

5. At all relevant times, Concert Global was the parent holding company for Concert Wealth, a Commission-registered investment adviser which primarily provided investment advice to individual retail investors. From 2010 to 2013, Luna sought to grow Concert Global and Concert Wealth by adding new investment advisers and their books of business to Concert Wealth's investment advisory platform. To induce investment advisers to join Concert Wealth, Concert Global helped finance certain of those advisers' start-up costs as well as build-out their branch offices. In order to pay for these costs, two entities that Luna controlled provided loans to Concert Global; these loans were in addition to a pre-existing loan to Concert Global from Luna's family trust, which was later converted into preferred stock.

6. In order to sustain Concert Global's rate of growth and to continue funding Concert Wealth's addition of branch offices, Luna directed Concert Global to raise money by selling its common stock. To that end, Luna and a prior Concert Global CFO solicited Luna's family members and friends, some of whom were Concert Wealth's advisory clients, to invest in the offerings through in-person meetings and by providing them with private placement memoranda ("PPMs") describing the offering. Luna and Concert Global's then-CFO each individually met with prospective investors, and the CFO provided PPMs to investors.

7. Concert Global ultimately raised $2.2 million from approximately 21 investors in multiple states, including 12 of Concert Wealth's advisory clients. During the same time period, Concert Wealth's assets under management grew from $800 million to $1.5 billion. Concert Global used the offering proceeds for general corporate purposes, to repay the loans previously issued by the Luna-affiliated entities, and to pay quarterly dividends on Luna's preferred stock.

8. As Concert Global's CEO, Luna was responsible for approving, and ensuring the accuracy of, the PPMs that were provided to investors. Luna also supervised the then-CFO, who prepared the PPMs and provided them to investors at Luna's direction. During the process, Luna approved – without reviewing for accuracy – erroneous PPMs prepared by the then-CFO. These PPMs contained materially false and/or misleading information that overstated Concert Global's subsidiaries' total assets under management by approximately $1 billion and overstated certain of Concert Global's financial results, including its revenues (in at least one instance by approximately $1 million – an overstatement of approximately 50%) and earnings (in at least one instance by approximately $500,000 – presenting a profit as opposed to a loss). Concert Global's PPMs also failed to disclose that Concert Global could use, and in fact was using, the offering proceeds to repay its debt to related entities that Luna controlled and to pay quarterly dividends to Luna on his preferred stock.

9. Luna knew, or should have known, that Concert Global's PPMs were materially false and misleading. Among other things, Luna, as CEO, was aware of Concert Global's subsidiaries' correct assets under management and its financial condition (including its earnings and net profits), as well as the ongoing payments to entities that he controlled or owned. By failing to review the PPMs but nonetheless approving them to be distributed to investors, Luna failed to exercise reasonable care in describing the investment opportunity in Concert Global to investors, including several of his and Concert Wealth's advisory clients.

B. Concert Global Engaged in an Unregistered Offering of Concert Global's Common Shares

10. Concert Global and Luna also offered and sold the Concert Global securities without a registration statement or an applicable exemption from registration. From September 2010 through July 2011, Concert Global and Luna raised over $1 million through common stock sales to 12 investors in a 12 month period. No registration statement was filed or in effect for the offerings, and Concert Global and Luna offered the shares through the use of interstate facilities, including by sending emails to client and receiving investments through wire transactions. Concert Global and Luna made no efforts to comply with any registration requirement in connection with the offerings, nor did they rely on any exemption from registration.

C. Concert Wealth Failed to Implement Adequate Policies and Procedures

11. The Advisers Act requires that registered investment advisers adopt and implement written policies and procedures reasonably designed to prevent violations of the statute. While Concert Wealth did adopt some written compliance policies and procedures, they did not address situations in which investment advice could be conflicted because of related party transactions. Concert Wealth had no policies concerning selling securities of its parent entity to advisory clients and no policies to ensure the accuracy of offering documents. Concert Wealth's policy simply directed its advisers to "avoid any action that might conflict with our interests of our clients." Luna supervised the compliance department and, accordingly, was responsible for ensuring the adequacy of Concert Wealth's written policies and procedures.

Violations

12. As a result of the conduct described above, Concert Global and Luna violated Sections 17(a)(2) and 17(a)(3) of the Securities Act. Section 17(a)(2) makes it unlawful, in the offer or sale of securities, to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, Section 17(a)(3) makes it unlawful, in the offer or sale of securities, to engage in any transaction, practice or course of business that operates as a fraud or deceit upon the purchaser. Sections 17(a)(2) and 17(a)(3) of the Securities Act do not require a showing of scienter, negligence is sufficient. *See Aaron v. SEC*, 446 U.S. 680, 697, 701-02 (1980).

13. As a result of the conduct described above, Concert Global and Luna violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the offers and sales of unregistered securities absent an applicable exemption from registration.

14. As a result of the conduct described above, Concert Wealth and Luna willfully[2] violated Section 206(2) of the Advisers Act, which makes it "unlawful for any investment adviser . . . directly or indirectly to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client." A violation of Section 206(2) of the Advisers Act may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc*., 375 U.S. 180, 195 (1963)). Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act. *See id*.

15. As a result of the conduct described above, Concert Wealth willfully violated, and Luna caused Concert Wealth's violation of, Section 206(4) of the Advisers Act, and Rule 206(4)-7 promulgated thereunder, which requires that all investment advisers "[a]dopt and implement written policies and procedures reasonably designed to prevent violation" of the Advisers Act and the rules thereunder by the investment adviser and its supervised persons.

Respondents' Remedial Efforts

16. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondents and cooperation afforded the Commission staff. Concert Global sent its investors corrective disclosures. Concert Wealth engaged a compliance consultant to address concerns identified by the Commission Exam staff, and to give guidance on Concert Global's compliance policies and procedures.

Undertakings

17. Respondent Luna has undertaken to, in connection with his Offer, return 100,000 preferred shares he owns through the Luna Family Trust to Concert Global within thirty (30) days of the entry of this Order. Luna shall notify the Commission staff in writing that the shares have been returned.

18. Continued Retention of Compliance Consultant. Concert Wealth currently retains a compliance consultant to render compliance services. Concert Wealth shall continue to retain, at its expense, either the Consultant or an independent compliance consultant, to render compliance services for a period of at least three (3) years from the entry of this Order. The

[2] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

scope of the engagement of Concert Wealth's current compliance consultant or independent compliance consultant must include at least the same responsibilities as detailed in Concert Wealth's July 7, 2015 contract with its current compliance consultant, including comprehensive annual reviews and assessments of the adequacy of processes, policies and procedures concerning how Concert Wealth addresses conflicts and potential conflicts of interest. To the extent Concert Wealth's current compliance consultant has already made recommendations for changes in or improvements to Concert Wealth's policies and procedures and/or disclosures to clients, Concert Wealth shall adopt and implement all such recommendations. Concert Wealth also shall adopt and implement all recommendations that result from the Consultant's annual compliance reviews over the next three (3) years from the entry of this Order.

19. Recordkeeping. Concert Wealth shall preserve for a period of not less than six (6) years from the end of fiscal year last used, the first two (2) years in an easily accessible place, any record of Concert Wealth's compliance with the undertakings set forth in this Order.

20. Notice to Advisory Clients. Within ten (10) days of the entry of this Order, Concert Wealth shall post prominently on the homepage of Concert Wealth's website a summary of this Order in a form and location acceptable to the Commission staff, with a hyperlink to the entire Order, for a period of twelve (12) months. Within thirty (30) days of the entry of this Order, Concert Wealth shall provide to each of Concert Wealth's existing advisory clients as of the date of the Order via mail, email, or such other method as may be acceptable to the Commission staff, a copy of the Form ADV which incorporates the paragraphs contained in Section III of this Order. Furthermore, for a period of twelve (12) months from the entry of this Order, to the extent that Concert Wealth is required to deliver a brochure to a client and/or prospective client pursuant to Rule 204-3 of the Advisers Act, Concert Wealth shall also provide the Form ADV which incorporates the paragraphs contained in Section III of this Order to such client and/or prospective client.

21. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

22. Certification of Compliance. Concert Wealth shall certify, in writing, its compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Concert Wealth agrees to provide such evidence. The certification and supporting material shall be submitted to Jennifer J. Lee, Assistant Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, CA 94104, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of completion of all of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents Concert Global, Concert Wealth, and Luna's Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 203(e), 203(f), and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Concert Global cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act.

B. Respondent Concert Wealth cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

C. Respondent Felipe Luna cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act and Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

D. Respondents Concert Wealth and Felipe Luna are censured.

E. Respondents Concert Global and Concert Wealth shall pay, jointly and severally, civil penalties of $120,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: $40,000 within 14 days, $40,000 within 180 days, and $40,000 within 360 days. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

F. Respondent Luna shall pay civil penalties of $60,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: $20,000 within 14 days, $20,000 within 180 days, and $20,000 within 360 days. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

G. Payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Erin E. Schneider, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission – San Francisco Regional Office, 44 Montgomery Street, Suite 2800, San Francisco, CA 94104.

H. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents Concert Global, Concert Wealth, and Luna agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

I. Concert Wealth shall comply with the undertakings enumerated in Paragraphs 18-22 above.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Luna, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Luna under this Order or any other judgment, order, consent

order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary