

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79208 / November 1, 2016

INVESTMENT COMPANY ACT OF 1940
Release No. 32346 / November 1, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17658

In the Matter of

**Ronald D. Morley and The
New Wealth, LLC,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
AND SECTION 9(b) OF THE
INVESTMENT COMPANY 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 Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Ronald D. Morley (“Morley”) and The New Wealth, LLC (“The New Wealth”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, 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 Sections 15(b) and 21C of The Securities Exchange Act of 1934, and Section 9(b) of The Investment Company 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 the Offers, the Commission finds¹ that:

Summary

1. Morley, through an entity that he owns and controls, The New Wealth, provides a variety of investment-related services to individuals. From April 2008 through February 2014, Morley and The New Wealth solicited and induced at least 130 investors in nine states to purchase preferred stock offered by Summit Trust Company (“STC”). Among other things, Respondents identified and solicited prospective investors, advised investors on the merits of the investment, took customer orders, handled investor funds, collected investor account and purchase paperwork, and received \$3,113,204 in transaction-based compensation. Throughout their fund-raising efforts on behalf of STC, Respondents were not registered as brokers nor associated with a registered broker-dealer. By virtue of this conduct, Respondents willfully violated Section 15(a) of the Exchange Act.

Respondents

2. **Ronald D. Morley (“Morley”)**, age 61, resides in Westminster, Maryland. Morley provides investment and retirement planning services to individuals through his solely-owned entity, The New Wealth. Morley has never been registered with the Commission as a broker-dealer or associated with a registered broker-dealer. Morley has been the subject of a prior action by the Maryland Securities Commissioner (“MSC”) for acting as an unregistered broker by, among other things, soliciting investors to purchase unregistered and nonexempt promissory notes and foreign real estate investments. On April 11, 2016, Morley and his wife filed for Chapter 7 bankruptcy protection in the United States Bankruptcy Court for the District of Maryland (Case No. 16-14797). That case is currently pending.

3. **The New Wealth, LLC (“The New Wealth”)**, is a limited liability company with its principal place of business in Westminster, Maryland that provides financial and retirement planning, primarily to elderly individuals. Morley and his wife formed The New Wealth in 2007. While Morley and his wife initially owned 51% and 49% of The New Wealth, respectively, since May 2015, Morley has been its sole-owner. The New Wealth has never been registered with the Commission as a broker-dealer.

Other Relevant Entities

4. **Summit Trust Company (“STC”)** is a Nevada-chartered trust company with its principal place of business in Las Vegas, Nevada, that provides trust administration, estate planning, charitable giving, and custodial services. STC and its securities have never been registered with the Commission in any capacity. In October 2015, the Commission filed a settled civil injunctive action against STC, two of its former executives, and three other entities in the

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.

Eastern District of Pennsylvania (*SEC v. Summit Trust Company, et. al.*, Civil Action No. 15-cv-05843 (E.D. Pa., October 27, 2015)). The Complaint alleged, among other things, that STC and its former executives conducted a fraudulent and unregistered offering of STC preferred stock. Simultaneously with the filing of the Complaint, STC consented to a permanent injunction and an order to pay \$16.5 million in disgorgement and \$2.4 million in prejudgment interest. STC also consented to the appointment of a receiver, which is currently operating the business.

Background

A. *The STC Preferred Stock Offering*

5. STC, a Nevada-chartered trust company, provides trust services for entities and individuals. STC previously promoted its trust services through so-called “Independent Trust Consultants” (“Independent Consultants”). Morley was an STC Independent Consultant.

6. From approximately February 2008 through February 2014, STC raised approximately \$33.2 million through an unregistered offering of its preferred stock. As an STC Independent Consultant, Morley actively solicited and induced investors to purchase STC preferred stock.

7. STC preferred stock included a 6% annual cash dividend, paid quarterly. STC remained current on its dividend obligation by paying approximately \$3.8 million to the preferred stock shareholders until STC halted its preferred dividend payments in April 2014, pursuant to a consent order issued by the Financial Institutions Division of the State of Nevada.

B. *Respondents Acted as Unregistered Brokers in Connection with the STC Preferred Stock Offering*

8. Respondents solicited the vast majority of investors in the STC preferred stock offering. From April 2008 through February 2014, Respondents were responsible for soliciting approximately \$31.3 million of the total \$33.2 million raised in the preferred stock offering.

9. Morley, acting on behalf of The New Wealth, identified prospective investors, and then affirmatively solicited them to invest in STC preferred stock in face-to-face meetings, phone calls, and emails. Morley, acting on behalf of The New Wealth, specifically recommended STC preferred stock as a means of obtaining a consistent future income stream through the receipt of dividends. In addition, through The New Wealth, Morley took customer orders, handled investor funds, and completed paperwork necessary for prospective investors to open STC accounts and subscribe to the STC preferred stock offering.

10. Following solicitation by Respondents, at least 130 investors from nine states purchased a total of \$31,387,513 in STC preferred stock, constituting 94% of the total amount raised in the offering. In exchange for Respondents’ role in soliciting and inducing investors to purchase STC preferred stock, STC paid Morley transaction-based compensation in the form of commissions ranging from 6-10% of the amounts invested. Morley received commissions totaling \$3,113,204 for his role in raising funds for the STC preferred stock offering.

Violations

11. As a result of the conduct described above, Respondents willfully violated Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security, unless such broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act or associated with a registered broker or dealer.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Morley cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent The New Wealth cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

C. Respondent Morley 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;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

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.

D. Any reapplication for association by Morley 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 Respondents, 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.

E. Within 35 days of an order lifting the stay in Respondent Morley's Chapter 7 bankruptcy proceeding or the termination of the stay in his Chapter 7 bankruptcy proceeding pursuant to Section 362(c)(2) of the Bankruptcy Code, 11 U.S.C. § 362(c)(2), whichever is first, Morley owes, jointly and severally with Respondent The New Wealth, disgorgement, which represents profits gained as a result of the conduct described herein of \$3,113,204 and prejudgment interest of \$383,802.82 to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. 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 Ronald D. Morley and The New Wealth, LLC as 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 Kurt L. Gottschall, Associate Regional Director, U.S. Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961.

F. Within 35 days of an order lifting the stay in Respondent Morley's Chapter 7 bankruptcy proceeding or the termination of the stay in his Chapter 7 bankruptcy proceeding pursuant to Section 362(c)(2) of the Bankruptcy Code, 11 U.S.C. § 362(c)(2), whichever is first, Morley owes, jointly and severally with Respondent The New Wealth, a civil money penalty in the amount of \$150,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion,

will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717. 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
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Payments by check or money order must be accompanied by a cover letter identifying Ronald D. Morley and The New Wealth, LLC as 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 Kurt L. Gottschall, Associate Regional Director, U.S. Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961.

G. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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 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 Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents 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 Respondents 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.

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 Morley, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Morley under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for violation by Morley 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