

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79512 / December 8, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17717

	:	ORDER INSTITUTING
In the Matter of	:	ADMINISTRATIVE PROCEEDINGS
	:	PURSUANT TO SECTION 15(b) OF THE
JAMES BAGGS,	:	SECURITIES EXCHANGE ACT OF 1934
	:	MAKING FINDINGS, AND IMPOSING
Respondent.	:	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”) against James Baggs (“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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, 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. Baggs, age 74, resides in Irvine, California. From at least January 2012 through August 2013, Baggs engaged in the business of inducing or attempting to induce the purchase or sale of securities in the form of investment contracts of Worldwide Funding Limited III LLC (“Worldwide Funding”), a Florida limited liability company, and other issuers. Baggs was not registered with the Commission as a broker or dealer and was not associated with a broker or dealer registered with the Commission.

2. On October 11, 2013, a final judgment was entered by consent against Baggs, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 adopted thereunder, in the civil action entitled Securities and Exchange Commission v. Bernard H. Butts Jr., et al., Civil Action Number 1:13-CV-23115, in the United States District Court for the Southern District of Florida. On October 25, 2016, the district court entered a final judgment against Baggs ordering him to pay disgorgement of \$4,970.00 representing profits gained as a result of the conduct alleged in the complaint, together with prejudgment interest in the amount of \$498.28, and a civil penalty in the amount of \$150,000.00 pursuant to Section 20(d)(2)(C) of the Securities Act and Section 21(d)(3)(B) of the Exchange Act.

3. The Commission’s complaint alleged that Baggs acted as a sales agent that offered and sold securities in a fictitious prime bank instrument trading program offered by Worldwide Funding. Baggs brought investors into the scheme with the promise of extraordinary profits. As part of the scheme Baggs told investors that an investment of between \$60,000 and \$90,000 with Worldwide Funding would generate profits of approximately 14% per week for 40 to 42 weeks. The complaint alleged that defendants falsely promised that when an investor’s funds were deposited into an attorney’s trust account, the attorney would not release the funds until he received proof from the receiving bank that a €10,000,000 Standby Letter of Credit (“SBLC”) had been deposited into a securities trading program that was to generate the profits for investors. The complaint alleged that Baggs and others did not disclose that instead of using the investors’ funds to obtain SBLCs they misappropriated investors’ funds and paid the sales agents approximately 10% of the investor’s funds. Contrary to the representations, the acquisition of the SBLCs never occurred, no loans were obtained, and no promised returns were earned in a trading program or paid to investors. Over more than a year, Baggs and others obtained at least \$3.5 million from approximately forty-five investors nationwide and in foreign countries by making false and misleading statements or omitting material facts in the offer and sale of securities, which were not registered with the Commission at the time they were sold. In addition, the complaint alleged that Baggs was not registered as a broker or dealer when he offered the securities of Worldwide Funding.

IV.

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

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

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Baggs 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary