

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79969 / February 3, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4639 / February 3, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17527

In the Matter of

KARL E. HAHN,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF
THE SECURITIES EXCHANGE ACT
OF 1934 AND SECTION 203(f) OF
THE INVESTMENT ADVISERS ACT
OF 1940**

I.

On September 21, 2016, the Securities and Exchange Commission (“Commission”), instituted public administrative proceedings 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 Karl E. Hahn (“Respondent”).

II.

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 Sections III.2. and III.3 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

RESPONDENT

1. Karl E. Hahn, age 44, is a resident of Manchester, Connecticut. Respondent was a licensed registered representative employed by Deutsche Bank Securities, Inc. from February 2008 through May 2009, and then by Oppenheimer & Co. Inc. from June 2009 through March 2011. Deutsche Bank and Oppenheimer are both dually-registered with the Commission as broker-dealers and investment advisers. Respondent also provided financial and investment advice to and managed the financial assets of certain of his Deutsche Bank customers.

ENTRY OF THE NEW HAMPSHIRE ORDER

2. On October 18, 2011, the New Hampshire Bureau of Securities Regulation ("Bureau") and Respondent executed a Consent Order (INV-2010000015). The Bureau permanently revoked Respondent's broker-dealer representative license with Oppenheimer & Co., Inc. and barred him from any securities licensure in New Hampshire. The Consent Order constitutes a final order of a State securities commission.

3. Respondent agreed to findings of fact in the Consent Order which established violations of the securities laws. First, in 2008-2009, Respondent introduced three of his customers to his neighbor, an insurance agent, to purchase high-value life insurance policies. As a result of this introduction and the subsequent purchase of policies by his customers, Respondent's father, who lived with Respondent and otherwise had no involvement in the transaction, received \$600,000 in commissions. Respondent did not disclose his father's receipt of the commissions to his customers, causing a conflict of interest about which his customers should have been made aware. In addition, Respondent, from March 2009 through April 2010, outside of his employment from Deutsche Bank and Oppenheimer, fraudulently induced a customer to make a \$2,285,000 investment in a fictitious real estate investment, in which the customer lost his entire investment. In January 2011, while under oath, Respondent made material misstatements and concealed information from the Bureau about his involvement with this outside real estate investment.

IV.

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