

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81417 / August 17, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4748 / August 17, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18115

In the Matter of

STEPHEN S. EUBANKS,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
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)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen S. Eubanks (“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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f)

of the Investment Advisers Act of 1940, 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. Eubanks, 47 years old, is a resident of Hingham, Massachusetts. From 2007 to 2016, Eubanks was an associated person of Bright Trading, LLC, a broker-dealer registered with the Commission. In February 2010, Eubanks incorporated Eubiquity Capital LLC (“Eubiquity”), a limited liability company, in the Commonwealth of Massachusetts. Eubanks was the sole officer of Eubiquity. Incorporation paperwork for Eubiquity listed the general character of Eubiquity’s business as “Hedge Fund; Capital Management.” Eubiquity has never been registered with the Commission in any capacity. From 2010 to 2016, Eubanks acted as an unregistered investment adviser.
2. On April 11, 2017, Eubanks pled guilty to one count of wire fraud in violation of Title 18 United States Code, Section 1343 before the United States District Court for the District of Massachusetts, in United States v. Eubanks, Crim. Information No. 1:17-cr-10076-PBS (the “Criminal Action”).
3. The criminal information to which Eubanks pled guilty alleged, inter alia, that:
 - (a) Starting in or about 2010, as part of a scheme to defraud, Eubanks falsely presented himself to others as an experienced investment adviser who ran a hedge fund. Eubanks encouraged friends, family members, and neighbors to allow him to invest money on their behalf. Eubanks also entered into contracts with two individuals to invest in securities on their behalf, and they provided him with money to make such investments.
 - (b) Eubanks told potential investors that he was a registered financial advisor operating Eubiquity from his home office and that Eubiquity was affiliated with various major investment or brokerage firms. Eubanks falsely told these potential investors that he pooled investor assets in a “hedge fund partnership” and traded in stocks, index funds and options.
 - (c) Eubanks raised money from clients and investors but did not invest the funds on their behalf. Instead, Eubanks distributed the funds raised from clients and investors among accounts controlled by Eubanks and used the funds to pay personal expenses or returns owed to earlier investors.
 - (d) Eubanks sometimes gave his clients brokerage statements purporting to show positive balances in Eubiquity accounts, when in fact the statements were from Eubanks’ or other investors’ personal accounts, or were a digitally-created

combination of account information that created the illusion that a single Eubiquity account had a particular balance.

(e) In the period from 2010 to 2016, Eubanks defrauded approximately 32 investors, causing losses of approximately \$437,609.35.

4. On April 16, 2017, the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts entered an Order Adopting Presiding Officer's Recommended Final Order Granting Enforcement Section's Motion for Default (the "Massachusetts Order"), in an administrative action entitled In the Matter of Stephen S. Eubanks and Eubiquity Capital LLC, Docket No. E-2016-0084 (the "Massachusetts Action"). The Massachusetts Order barred Eubanks and Eubiquity from associating or registering in the Commonwealth as a broker-dealer, broker-dealer agent, or as a partner, officer, director, or control person of a broker-dealer; from associating or registering in the Commonwealth as or with any state-registered investment adviser, and investment adviser excluded from the definition of investment adviser; and from associating or registering in the Commonwealth with any issuer of any securities or as an agent of any issuer of securities in the Commonwealth. Eubanks and Eubiquity were also ordered to permanently cease and desist from violations of M.G.L. c. 110A and the accompanying regulations, make restitution to fairly compensate investors for those losses attributable to the wrongdoing, disgorge all profits and other remuneration received from the wrongdoing, and pay a fine in the amount of \$75,000.

5. The Massachusetts Order found Eubanks and Eubiquity in default and found as fact all of the factual allegations set forth in the administrative complaint in the Massachusetts Action. These factual allegations were based on substantially overlapping underlying conduct as charged in the Criminal Action.

IV.

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

By the Commission.

Brent J. Fields
Secretary