

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81472 / August 23, 2017**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4757 / August 23, 2017**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 32795 / August 23, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17839**

**In the Matter of**

**SYLVESTER KING, JR.**

**Respondent.**

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

**I.**

On February 10, 2017, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings against Sylvester King, Jr. (“King” or Respondent”), pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”). The Order instituting the administrative and cease-and-desist proceedings made findings, and imposed remedial sanctions and a cease-and-desist order against the Respondent. Remaining is the issue of the amount of the civil penalty and certain remedial sanctions, which this Order resolves.

**II.**

After institution of these proceedings, Respondent 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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and King's Offer, the Commission finds<sup>1</sup> that:

#### Summary

Beginning in 2009 and continuing into 2012, King participated in selling more than \$5 million of unregistered, illiquid securities to certain of his professional athlete brokerage customers and investment advisory clients in an internet branding company known as Global Village Concerns, Inc. ("GVC"). King was issued GVC stock options and warrants provided by GVC. King's conduct with respect to the sale of GVC securities occurred outside and independent of his employment with registered broker-dealers. King misrepresented and omitted material information about the GVC investments to his investment advisory clients, some of which was based on information provided to King by GVC. King presented this information to his advisory clients without conducting any due diligence to verify any of the information he provided to his advisory clients. King also used his personal communication devices and emails to communicate with his brokerage customers and others about firm business without causing copies of those communications to be sent to or preserved on the broker-dealers' respective email servers or preserved in paper form.

#### Respondent

1. King is 44 years old and resides in Miramar, Florida. From June 2009 to October 2011 and from October 2011 to the end of April 2015 King was a registered representative and investment adviser representative of Morgan Stanley Smith Barney ("MSSB") and Wells Fargo Advisors, LLC ("WFA"), respectively. During this time, MSSB and WFA were dually registered with the Commission as broker-dealers and investment advisers. From 2008 until approximately October 2014, King was a National Football League Players Association Registered Financial Advisor ("NFLPA Advisor"). On April 27, 2015, FINRA accepted King's Letter of Acceptance, Waiver, and Consent whereby King was suspended from association with any FINRA member in any and all capacities for a period of 18 months and assessed a \$35,000 fine. On July 28, 2015, FINRA revoked King's registration for failure to pay fines and/or costs.

#### Other Relevant Entities

2. GVC was a Delaware corporation incorporated in 2009 with its principal place of business in San Diego, CA. GVC was a branding and marketing company created to help high schools and non-profit organizations earn money by selling customized school or organizational memorabilia and products. GVC conducted Series A and Series B Preferred Stock Offerings (hereinafter "Series A" or "Series B") from 2009 to 2012 through which it collectively raised

---

<sup>1</sup> The findings herein are made pursuant to King's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

\$4,159,846, and Convertible Note offerings which raised at least \$2,545,000 during 2012. GVC is no longer operating.

### **Background**

3. From 2009 through 2013, King had approximately 40 active or retired professional athletes as brokerage customers and/or investment advisory clients, most of whom are members of the National Football League Players Association (“NFLPA”). During that time, King was a NFLPA Advisor and subject to the Regulations and Code of Conduct Governing Registered Player Financial Advisors (“NFLPA Code”) promulgated by the NFLPA.

4. Some King customers were brokerage customers, while others were fee-based investment advisory clients that paid advisory fees for which King recommended and managed their investments.

5. In May or June 2009, the GVC CEO, an existing brokerage customer of King, turned to King to help GVC raise capital and find investors. King solicited investments in GVC by presenting information provided to him by GVC’s CEO to brokerage customers and advisory clients, and beginning in the summer of 2009, certain of King’s brokerage customers and advisory clients began investing in GVC. King’s brokerage customers and advisory clients served as the primary source of capital raised by GVC, representing approximately 75% of the approximate \$4.2 million in capital raised by the Series A and B offerings, and 100% of the \$2.5 million in capital raised by the GVC Convertible Note offerings. GVC issued stock options and warrants to benefit King in exchange for introducing his brokerage customers and advisory clients to GVC and assisting with raising capital for GVC. King had the stock options and warrants issued in the name of a company he owned and/or controlled.

6. King also facilitated his brokerage customers’ and advisory clients’ investments in GVC by handling the paperwork and money associated with closing the investments, including obtaining the necessary signatures from his brokerage customers and advisory clients and returning the paperwork to GVC, as well as transferring the capital for the investments from accounts at MSSB and WFA to GVC’s account. King also presented GVC offering materials to potential and current investors. Some of these materials included investment options that King presented to certain prospective investors in order to select the best option for the investor. GVC’s CEO communicated GVC’s financial needs to King so that he would know what GVC business objectives required further capital.

7. King never told MSSB or WFA of any of the GVC offerings, and neither MSSB nor WFA ever approved or sponsored these offerings.

8. King misrepresented and omitted material information with respect to GVC during his introductions and solicitations to his advisory clients, and when providing them GVC investment updates. For example, a written report that was prepared for one of his advisory clients and was from King and his business partner quantified the expected return on the GVC investment at 20%. After King transitioned to WFA, a similar written report from King and his business

partner to the same advisory client listed the value of that client's \$200,000 GVC investment at \$500,000. Another written report from King and his business partner to a different advisory client valued the client's \$250,000 investment in GVC at \$350,000 as of August 2012, which was a forty percent increase in value in just six months. The estimated returns and valuations contained in the above written reports were not based on any due diligence of GVC or the GVC investments, and there was no reasonable basis to quantify the reported expected return or the valuation of a GVC investment when those written representations were made to the advisory clients.

9. In addition to presenting information on potential returns on investment and current valuations without conducting any due diligence, King also never disclosed to his advisory clients that GVC had or would issue GVC stock options and warrants to a company he owned and/or controlled in exchange for introducing them to GVC. King did not exercise the stock options and warrants he received from GVC. These options and warrants have since expired.

10. King actively marketed his status as a registered NFLPA Advisor when recruiting new NFL player advisory clients and serving current ones. King's business cards, email signature block, and marketing materials all highlighted his NFLPA Financial Advisor registration. The marketing materials contained internet addresses/links to the NFLPA website and invited prospective and current clients to verify his credentials. The NFLPA website contained, among other things, the NFLPA Code. The NFLPA Code provides that "[b]y joining the NFLPA Financial Advisor Registration Program, all financial advisors agree to abide by rules which are designed to both protect and inform players" and "[a] Registered Player Financial Advisor shall have the duty to act in the best interest of his/her Player-clients." The NFLPA Code places importance on the special relationship between an NFLPA Advisor and a player by recognizing the advisor as a fiduciary to the player.

11. King did not disclose his lack of adherence to the NFLPA Code of Conduct flowing from his conflict regarding GVC. The NFLPA Code lists a number of requirements and prohibitions, some of which are designed to prevent actual or potential conflicts of interest with the effective representation of a NFL player. For example, the NFLPA Code prohibits "[c]onvincing a Player to purchase stock or property, or to invest in any manner, or loan money or extend credit from, any enterprise or entity in which the Registered Player Financial Advisor fails to disclose, in advance and in writing, his/her own financial or ownership interest, or that of an affiliate or a family member, to the Player." Despite these prohibitions, King solicited his NFL player advisory clients to invest in GVC without disclosing that the company he owned and/or controlled had or would receive GVC stock options and warrants.

12. King also routinely used his personal email account and text messaging systems to communicate with his brokerage customers and others. Some of those communications pertained to MSSB and WFA brokerage business, and King did not cause copies of those communications to be sent to or preserved on the broker-dealers' respective email servers or preserved in paper form. The purpose of such emails was to provide, among other things, his customers with information about their investment holdings; information about his brokerage business and firm; documentation to facilitate outside investments that would be funded from the customer's brokerage account; and financial information about a customer that would be relevant when considering investments.

King received copies of MSSB's and WFA's respective policies and procedures, as well as warnings and instructions not to use personal email for business, but nevertheless ignored the policies, procedures, and warnings.

### **Violations**

13. As a result of the conduct described above, King willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

14. As a result of the conduct described above, King willfully violated Section 15(a) of the Exchange Act, which prohibits any broker or dealer from using the mails or any means or instrumentality of interstate commerce to effect any transactions in, or induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered with the Commission.

15. As a result of the conduct described above, King willfully aided and abetted and caused MSSB's and WFA's respective violations of Section 17(a)(1) of the Exchange Act and Rule 17a-4(b)(4) thereunder, which requires broker-dealers to preserve for at least three years originals of all communications received, and copies of all communications sent by the member, broker or dealer, relating to the broker-dealer's business as such.

### **IV.**

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

Accordingly, pursuant to Section 15(b) of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. King 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,

with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

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.

B. Respondent shall, within 35 days of an order lifting the stay in his chapter 7 bankruptcy case, *In re King*, Ch. 11 Case No. 16-4225-BKC-JKO (Bankr. S.D. Fla.), or the termination of the stay in his chapter 7 bankruptcy case pursuant to Section 362(c)(2) of the Bankruptcy Code, 11 U.S.C. § 362(c)(2), whichever is first, pay a civil money penalty in the amount of \$80,000 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) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent 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) Respondent 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 the Respondent 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 Glenn S. Gordon, Associate Director, Division of

Enforcement, Securities and Exchange Commission, Miami Regional Office, 801 Brickell Ave., Suite 1800, Miami, FL 33131.

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, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he 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 he 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.

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, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 King 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