

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES AND EXCHANGE ACT OF 1934
Release No. 85014 / January 31, 2019

INVESTMENT ADVISERS ACT OF 1940
Release No. 5105 / January 31, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-18773

In the Matter of

JOHN L. GATHRIGHT, JR.,

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 17, 2018, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings against John L. Gathright, Jr. (“Gathright” or “Respondent”) 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”).

II.

After institution of these proceedings, the 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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2 below and 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:

1. Gathright, age 44, is a resident of West Monroe, Louisiana. From August 2009 through October 2011, Gathright was associated with Merrill Lynch, Pierce, Fenner & Smith (“Merrill”), a broker-dealer and investment adviser registered with the Commission. Between

November 2000 and August 2009, Gathright was associated with other registered broker-dealers and investment advisers. In September 2012, FINRA barred Gathright from associating with any of its member firms. Gathright held Series 7 and 63 licenses.

2. On October 15, 2012, the United States District Court for the Western District of Louisiana accepted Gathright's guilty plea to one count of mail fraud in violation of 18 U.S.C. § 1341. *United States v. John L. Gathright, Jr.*, Case No. 3:12-CR-00235-RGJ-KLH-1. On January 7, 2013, a judgment in the criminal case was entered against Gathright. He was sentenced to a prison term of 41 months followed by three years of supervised release and was ordered to pay restitution in the amount of \$1,148,379.10.

3. In connection with that plea, Gathright admitted that between June 2010 and September 2011, he used his position at Merrill to cause companies maintaining annuities for his clients to issue checks for the supposed benefit of his clients and mail the checks to an address Gathright controlled. Gathright would deposit the checks into accounts he controlled and use the funds for his own benefit. The total amount of the checks exceeded \$700,000.00.

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 Gathright 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 Gathright 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