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ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-15-0006

ORDER NO. S-15-0006-15-OR02

IN THE MATTER OF:

JOHN LATHERN HILL

RESPONDENT

CONSENT ORDER

This Consent Order (“Order”) is entered pursuant to the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act (“Rules”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement between the Staff of the Arkansas Securities Department (“Staff”) and the Respondent, John Lathern Hill (“Hill”).

Hill admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives his right to a formal hearing and appeal, consents to the entry of this Order without admitting or denying the findings of fact or conclusions of law made herein, and agrees to abide by its terms in settlement of any possible violations committed by Hill in relation to the matters detailed herein.

FINDINGS OF FACT

1. Hill, CRD No. 4630065, is an Arkansas resident who was formerly registered with the Arkansas Securities Department (“Department”) as a broker-dealer agent and investment adviser representative with LPL Financial LLC (“LPL”), CRD No. 6413, from November 11, 2010 to November 12, 2013. Hill is not currently registered with the Department in any capacity.

2. Hill's registrations with LPL as a broker-dealer agent and investment adviser lapsed on November 12, 2013, upon his discharge by LPL for violation of firm policies. After his termination and during a time he was not registered with the Department, Hill provided unregistered investment advisory services to three different individuals in violation of the Act.

(a) Arkansas Resident One ("AR1") was formerly Hill's investment advisory client at LPL. Subsequent to Hill's termination from LPL, AR1 moved his personal holdings from LPL to an online broker, TD Ameritrade, Inc. ("TD Ameritrade"). The Staff's investigation revealed that Hill obtained the login information from AR1 for at least two of his TD Ameritrade accounts and undertook the necessary measures to enable the accounts to trade on margin. Thereafter, Hill proceeded to make trades in the accounts over an eleven-month period, including at least one hundred forty-six different stock options trades on margin.

(b) Arkansas Resident Two ("AR2") was formerly Hill's investment advisory client at LPL. Subsequent to Hill's termination from LPL, AR2 moved his personal holdings from LPL to TD Ameritrade. The Staff's investigation revealed that Hill obtained the account login information from AR2 for at least one of his TD Ameritrade accounts and undertook the necessary measures to enable the account to trade on margin. Thereafter, Hill proceeded to make trades in the account over an eight-month period, including at least eighteen different stock options trades on margin. On December 31, 2014, Hill sent AR2 a bill for consulting work and attached a Gain/Loss Statement from AR2's TD Ameritrade account. AR2 subsequently rendered payment on the bill in the form of a check which Hill cashed but later returned to AR2 in the full amount.

(c) Arkansas Resident Three ("AR3") was formerly Hill's investment advisory client at LPL. Subsequent to Hill's termination from LPL, AR3 moved his personal holdings from LPL to TD Ameritrade. The Staff's investigation revealed that Hill obtained the login information

from AR3 for at least three of his TD Ameritrade accounts and undertook the necessary measures to enable the accounts to trade on margin. Thereafter, Hill proceeded to make trades in the accounts over a seven-month period, including at least sixteen different stock options trades on margin. In exchange for these services, Hill sent at least three separate bills to AR3 and received at least three different checks from AR3 as compensation.

3. At the outset of its investigation, the Staff issued Hill an administrative subpoena requiring him to provide documents and testimony relative to this matter. On March 31, 2015, Hill appeared at the Department's offices and provided sworn witness testimony pursuant to the subpoena. The Staff's investigation uncovered that Hill provided intentionally misleading answers to certain questions posed during the course of his interview. Specifically, when asked whether he possessed the login information for AR1's TD Ameritrade accounts or whether he had ever logged in to those accounts outside the presence of AR1 or any of the listed account holders, Hill responded in the negative to both questions. The Staff's investigation later proved this information to be inaccurate.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

4. Ark. Code Ann. § 23-42-301(c) prohibits any person from transacting business in Arkansas as an investment adviser representative without first being registered to do so. Hill committed separate violations of Ark. Code Ann. § 23-42-301(c) when he provided unregistered investment advisory services to AR1, AR2, and AR3, as set forth above in paragraph two.

5. Ark. Code Ann. § 23-42-308(a)(2)(G) provides that the Commissioner may by order deny, suspend, make conditional or probationary, or revoke any registration if he finds that an applicant or registrant has engaged in dishonest or unethical practices in the securities business. Hill violated Ark. Code Ann. § 23-42-308(a)(2)(G) when he appeared at the Department's offices

pursuant to an administrative subpoena and provided intentionally misleading information to the Staff during a sworn interview, as detailed above in paragraph three.

6. Ark. Code Ann. §§ 23-42-308(a)(1) and 23-42-308(a)(2)(B) state that the Commissioner may by order deny, suspend, make conditional or probationary, or revoke any registration if he finds that the order is in the public interest and the applicant or registrant has willfully violated or willfully failed to comply with any provision of the Act or Rules. The facts as set forth in paragraphs one through three support the conclusion that the violations of the Act by Hill as set forth in paragraphs four through five were willful.

7. Ark. Code Ann. § 23-42-308(h) provides that matters may be resolved by consent order in lieu of a formal proceeding.

UNDERTAKINGS

Hill agrees not to apply for registration with the Department in any capacity for a period of eighteen months from the entry date of this Order. Hill also agrees that the Department's approval of any future registration applications shall be conditioned upon his employing firm agreeing to conduct heightened supervision of his activities in a manner acceptable to the Commissioner for a period of one year.

OPINION

This Order is in the public interest. The facts as set forth in paragraphs one through three support the violations of the Act as set forth in paragraphs four through seven.

ORDER

IT IS THEREFORE ORDERED that in accordance with Hill's undertakings the Department shall not accept or grant any registration application from Hill for a period of eighteen months from the entry date of this Order. Any future registration applications submitted by Hill

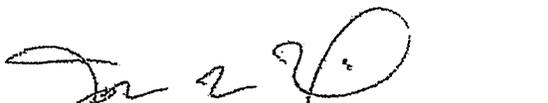
to the Department shall be conditioned upon his employing firm agreeing to conduct heightened supervision of his activities in a manner acceptable to the Commissioner for a period of one year. A plan for heightened supervision shall be submitted for the Commissioner's approval along with any new registration application for Hill.

WITNESS MY HAND AND SEAL this the 23 day of July, 2015.



B. Edmond Waters
Arkansas Securities Commissioner

I hereby agree to the entry of this Consent Order; consent to all terms, conditions, and orders contained therein; and waive any right to appeal from this Order.

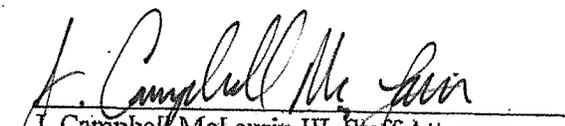

John Lathern Hill, Respondent

7/22/15
Date

Approved as to Content and Form:


R. Aaron Brooks, Attorney for Respondent

7/22/15
Date


J. Campbell McLaurin III, Staff Attorney
Arkansas Securities Department

7/23/15
Date