

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 1, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13112**

**In the Matter of**  
  
**KENT D. NELSON,**  
  
**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  
AND NOTICE OF HEARING**

**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) of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Kent D. Nelson (“Respondent” or “Nelson”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.     From April 1999 through January 2001, Respondent was a registered representative associated with Linsco/Private Ledger Corporation, a dually registered investment adviser/broker-dealer now known as LPL Financial Corp. From at least January 2001 through March 2005, Nelson was the sole owner and operator of Strategic Investment Services, LLC, an investment adviser registered with the State of California. Respondent, 43 years old, is a resident of Lompoc, California.

**B.     ENTRY OF RESPONDENT’S CRIMINAL CONVICTIONS**

2.     On September 14, 2005, Nelson pleaded guilty to one count of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the District of New Mexico, in United States v. Kent Nelson, Crim. Information No. 05-2021 JP. On September 12, 2007, a judgment in the criminal case was entered against Nelson. He was sentenced to a prison term of 36 months followed by three years of supervised release, ordered to pay a fine in the amount of \$175,000, and ordered to forfeit his interest in certain real property.

3. The count of the criminal information to which Nelson pleaded guilty alleged, among other things, that from December 1999 through March 2005, Nelson devised a scheme and artifice to defraud by depriving the people of the State of New Mexico of the intangible right of honest services of their public officials. More specifically, the information alleges that Nelson paid substantial sums of money in order to corruptly influence the Treasurer of the State of New Mexico to award securities work to Nelson, and used the United States mail to pay kickbacks to the Treasurer of the State of New Mexico.

4. On May 8, 2007, Nelson pleaded guilty to one count of racketeering in violation of §30-42-4(C), New Mexico Statutes Annotated (1978), in State of New Mexico v. Nelson, No. D-0101-CR-2006-0264, and was convicted and received a nine-year suspended sentence, with three years of probation.

5. The count of the New Mexico state grand jury indictment to which Nelson pleaded guilty alleged, among other things, that on or between January 1, 1999 and June 1, 2004, Nelson intentionally engaged in a pattern of racketeering activity involving the investment of state funds, and that the pattern of racketeering activity included two or more crimes of bribery of a public officer or public employee and/or offering or paying illegal kickbacks.

6. In addition, on January 3, 2006, the California Corporations Commissioner issued an Order Barring Kent Douglas Nelson From Any Position of Employment, Management or Control of Any Investment Adviser, Broker-Dealer or Commodity Adviser Pursuant to [California] Corporations Code Section 25232.1.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b)(6) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Florence E. Harmon  
Acting Secretary