INITIAL DECISION RELEASE NO. 342
ADMINISTRATIVE PROCEEDING
FILE NO. 3-12834

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

In the Matter of	:	
	:	
C.R. WILLIAMS, INC., AND	:	INITIAL DECISION
CHARLES RUSSELL WILLIAMS II	:	January 18, 2008

APPEARANCES: Adolf Dean, Jr., and Helen Contos for the Division of Enforcement, Securities and Exchange Commission

Charles Russell Williams II, pro se, for Respondents

BEFORE: Brenda P. Murray, Chief Administrative Law Judge

BACKGROUND

The U.S. Securities and Exchange Commission (Commission) instituted this proceeding against C.R. Williams, Inc. (CRW), and Charles Russell Williams II (Williams) (together, Respondents) by an Order Instituting Administrative and Cease-and-Desist Proceedings (OIP) on September 26, 2007. Williams was registered with the Commission as an investment adviser from February 3, 1983, through April 29, 1996. (Answer at 1.) CRW has been registered with the Commission as an investment adviser since November 27, 1995, and Williams has always been CRW's majority shareholder, Chief Executive Officer, and President. (Id.)

The OIP, issued pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (Advisers Act), alleges that a 1985 examination of Williams' advisory business found:

> [Williams] failed to make and keep a wide variety of books and records required by the Advisers Act, including: cash receipt journals; disbursement records; general and auxiliary ledgers reflecting asset, liability, reserve capital, income and expense accounts; and financial statements relating to Williams' investment adviser business. Additionally, the examination staff informed Williams that he failed to comply with the reporting provisions of the Advisers Act by failing to

> file his annual report on Form ADV-S[1] for the fiscal years ended December 31, 1983 and December 31, 1984 . . . .

(OIP at 2.) The OIP also alleges that, based on a 1994 examination, the Commission took the following actions against Williams on February 14, 1996: (1) censure; (2) order to cease and desist from violating, among other things, the books and records and reporting provisions, Section 204 of the Advisers Act and Advisers Act Rules 204-1, 204-2(a)(1), 204-2(a)(2), and 204(a)(6); (3) imposed a $5,000 civil penalty; and (4) directed him to comply with certain undertakings, including a requirement to "adopt, implement and maintain new written policies and procedures . . . to prevent and detect" books and records violations (1996 Cease-and-Desist Order).[2] (Answer at 2; see Charles Russell Williams, 61 SEC Docket 0901, 0903 (Feb. 14, 1996)).

The OIP alleges further that sometime between the 1994 examination and the 1996 Cease-and-Desist Order, Williams began operating his investment adviser business through his newly incorporated and registered entity, CRW, and that Williams has at all times remained primarily responsible for making and keeping all books and records on behalf of CRW and filing its reports with the Commission. (OIP at 2.) Williams withdrew his individual investment adviser registration on April 29, 1996. (Id. at 3.) Despite this organizational change, the undertakings portion of the 1996 Cease-and-Desist Order applied to CRW as successor in interest to Williams' previous sole proprietorship. See Williams, 61 SEC Docket at 0903 n.1 (Feb. 14, 1996).

The OIP additionally alleges that the Commission's examination staff commenced a routine examination of CRW in November 2004, and that, for over a year, Williams failed to produce certain required books and records. (OIP at 3.) Also, from at least June 2003 through February 2006, CRW did not make and keep required cash receipt journals, disbursement records, general or auxiliary ledgers, and financial statements. (Id.) In addition, as of the date of the OIP, CRW had failed to file its annual report on Form ADV for the fiscal years ended December 31, 2005, and December 31, 2006. (Id.) Finally, the OIP alleges that CRW was required to file a Form ADV-W by June 29, 2007, because its assets under management remained under $25 million since January 2006 and it is not otherwise entitled to register with the Commission. (Id. at 4.)

Respondents' Answer, dated October 22, 2007, admits the allegations in the OIP, but argues that mitigating circumstances existed such as naiveté in accounting matters, a misunderstanding of the Advisers Act requirements, miscommunication with individuals to

---

[1] Form ADV replaced Form ADV-S as the annual filing required by investment advisers pursuant to amended Rule 204-1(a)(1) of the Advisers Act on July 8, 1997. See Rules Implementing Amendments to the Investment Advisers Act of 1940, 64 SEC Docket 1525, 1529 n.40 (May 22 1997).

[2] The OIP does not cite all the Advisers Act regulations specified in the 1996 Cease-and-Desist Order.

whom Williams claims to have delegated certain responsibilities, and inadvertence based on "good faith lack of knowledge." (Answer at 3-5.)

At a telephonic prehearing conference on October 30, 2007, Respondents requested that I allow them time to get their corporate income tax status settled with the State of Missouri (Missouri) so they could then withdraw CRW's investment adviser registration with the Commission and register CRW with Missouri as an investment adviser. (Prehearing conference, Oct. 30, 2007, Tr. 8-12.) The Division of Enforcement (Division) objected, strenuously arguing that it cheapens the process to allow someone with such a recidivist history to continue in the securities industry. (Id. at 12-13.) The Division put Respondents on notice that it advocated revocation of CRW's investment adviser registration, prohibiting Williams from association with an investment adviser for some period of time, and a civil penalty in the range of $25,000 to $50,000. (Id. at 23-24.)

On November 2, 2007, I issued an Order giving Respondents an extended time period to accomplish their stated intention and granting the Division leave to file a motion for summary disposition. See 17 C.F.R. § 201.250. The Division filed its Motion for Summary Disposition and Memorandum in Support on November 20, 2007 (Motion).[3] Respondents failed to file a brief in opposition to the Motion by December 14, 2007, as required by the Order Following Prehearing Conference issued November 2, 2007. Instead, by letter dated December 11, 2007, Donald J. Mehan, Jr. withdrew as Respondents' representative, see 17 C.F.R. § 201.102(d)(4), and, in a letter dated December 13, 2007, Williams requested more time "to fully present my case and introduce facts and circumstances not considered in prior proceedings."

I deny Williams' request for additional time to prepare a response to the Motion because he has already been granted considerable time. (Prehearing conference, Oct. 30, 2007, Tr. 10-11.) The prehearing conference occurred a month after the OIP was issued, and Respondents Brief in Opposition was due twenty-four days after the Motion was filed. Respondents admit the allegations in the OIP.

SUMMARY DISPOSITION

An administrative law judge may grant a motion for summary disposition if there is no genuine issue with regard to any material fact and the moving party is entitled to summary disposition as a matter of law. See 17 C.F.R. § 201.250(b). Respondents do not contest the allegations in the OIP. Accordingly, I grant the Motion.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

My findings and conclusions are based on the entire record, which consists of the OIP, Respondents' Answer, correspondence, the prehearing conference transcript, motions, and orders. See 17 C.F.R. § 201.350. I take official notice of Williams, 61 SEC Docket 0901 (Feb.

[3] According to the Motion, the Division provided Respondents with its investigative file for copying on October 12, 2007. (Motion at 2.)

14, 1996). See 17 C.F.R. § 201.323. I have applied preponderance of the evidence to determine whether the Division has proven the allegations set forth in the OIP. See Steadman v. SEC, 450 U.S. 91, 102 (1981).

Respondents

Williams was a sole proprietor registered with the Commission as an investment adviser from 1983 until 1996. (Answer at 1.) CRW is a Missouri corporation located in St. Louis, Missouri, incorporated in 1994 and registered with the Commission pursuant to the Advisers Act since 1995. (Id.) Since CRW's incorporation, Williams has been responsible for making and keeping CRW's books and records, and for filing reports with the Commission. (Id.) The conduct of Williams as CRW's majority owner, President, and Chief Executive Officer, is attributable to CRW because a corporation acts through its officers and directors. See, e.g., C.E. Carlson, Inc. v. SEC, 859 F.2d 1429, 1435 (10th Cir. 1988); A.J. White & Co. v. SEC, 556 F.2d 619, 624 (1st Cir. 1977); SEC v. Manor Nursing Ctrs., Inc., 458 F.2d 1082, 1096-97 n.17 (2d Cir. 1972).

From November 2004 until January 2006, CRW's assets under management exceeded $25 million. (Answer at 1.) CRW has had less than $25 million in assets under management since January 2006. (Id.) On September 26, 2007, CRW managed approximately $11 million for eleven clients. (Id.)

Advisers Act Section 204 Violations – Past

Section 204 of the Advisers Act requires registered investment advisers to file reports with the Commission, maintain books and records, and make those books and records available to Commission personnel for examination. "This section is necessary for the enforcement of the [Advisers] Act." 2 Tamara Frankel, The Regulation of Money Managers 724 (1978). Advisers Act Rule 204 requires, in part, registered investment advisers to make and keep true, accurate, and current:

> (1) A journal or journals, including cash receipts and disbursements, records, and any other records of original entry forming the basis of entries in any ledger;
> (2) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts; and
> (6) All trial balances, financial statements, and internal audit working papers relating to the business of such investment adviser.

17 C.F.R. §§ 275.204-2(a)(1)-(2),(6).

In 1985, the Commission's examination staff conducted an investigation of Williams' advisory business that resulted in the issuance of a deficiency letter which, in part, informed Williams of noncompliance with Section 204 of the Advisers Act and Advisers Act Rules 204-2(a)(1), 204-2(a)(2), and 204-2(a)(6) for failing to make and keep required books and records. (Answer at 1.) The examination also revealed that Williams had failed to file annual reports on Form ADV-S for the fiscal years ended December 31, 1983, and December 31, 1984. (Id.)

In 1994, the Commission's examination staff conducted another investigation of Williams' advisory business. (Id.) The result was a second deficiency letter to Williams, stating, among other things, that he was again deficient in making and keeping the same books and records that he had failed to make and keep in 1985. (Id.) In addition, the 1994 deficiency letter informed Williams that he had failed to file annual reports on Form ADV-S for each fiscal year ended December 31, 1989, through December 31, 1994. (Id.)

In 1996, as a result of the 1994 examination, the Commission accepted Williams' Offer of Settlement and entered an order that: (1) censured Williams; (2) ordered him to cease and desist from committing or causing any violation, and any future violation, of Section 204 of the Advisers Act and Advisers Act Rules 204-1(b), 204-1(c), 204-2(a)(1), 204-2(a)(2), 204-2(a)(3), 204-2(a)(4), 204-2(a)(6), 204-2(a)(10), 204-2(c)(2), and 204-3; (3) imposed a $5,000 civil penalty on him; and (4) ordered him to take certain measures, including reviewing his compliance policies and procedures, and "to adopt, implement and maintain new written policies and procedures . . . designed reasonably to prevent and detect violations of the federal securities laws." See Williams, 61 SEC Docket at 0903. Respondents admit that the 1996 Cease-and-Desist Order applies to CRW. (Answer at 1.)

Advisers Act Section 204 Violations – Present

Books and Records

Advisers Act Section 204(a) requires:

> All records (as so defined) of such investment advisers are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors.

Respondents could not produce certain books and records that the Commission's examination staff requested during a routine examination in November 2004. (Answer at 2.) Respondents admit that "from at least June 2003 through February 2006, CRW did not make and keep required cash receipt journals, disbursement records, general or auxiliary ledgers reflecting asset, liability, reserve, capital, income and expense accounts, and financial statements, including balance sheets, income statements or statements of cash flows." (Id. at 3.)

Annual Reports

Rule 204-1(a)(1) requires investment advisers to file annual reports on Form ADV within ninety days of the end of its fiscal year. CRW has not filed a Form ADV for the fiscal year ended December 31, 2005, and it filed a Form ADV for the fiscal year ended December 31, 2006, on July 13, 2007, more than three months after it was due. (Answer at 3; Motion at 5.)

Advisers Act Section 203A Violations – Present

Deregistration Requirements

The National Securities Market Improvement Act of 1996 added Section 203A to the Advisers Act to limit investment advisers from registering with the Commission unless they have more than $25 million of assets under management or they come within one of the specified exemptions. Pub. L. No. 104-290, sec. 303, § 80b-3a, 110 Stat. 3416, 3437-38. Advisers Act Rule 203A-1(b)(2) requires registered investment advisers who "no longer have $25 million of assets under management (or are not otherwise eligible for SEC registration)" to withdraw their registration by filing a Form ADV-W within 180 days of fiscal year end. 17 C.F.R. § 275.203A-1(b)(2). CRW's assets under management have remained below $25 million since January 2006, and it is not otherwise eligible to register with the Commission as an investment adviser; however, it has not filed a Form ADV-W. (Answer at 1, 3.)

Summary

The facts set forth above demonstrate that since at least June 2003, CRW has violated numerous books and records and filing requirements applicable to a registered investment adviser and that in 2007, CRW failed to file to withdraw its federal investment adviser registration for which it no longer qualifies. Most of CRW's books and records and filing violations are the very same violations that the Commission's staff found Williams committed as an individual. CRW has willfully violated Sections 203A and 204 of the Advisers Act and Advisers Act Rules 203A-1(b)(2), 204-1(a)(1), 204-2(a)(1), 204-2(a)(2), and 204-2(a)(6).[4]

Williams controlled CRW and has, for the purposes of the law, aided and abetted and caused CRW's violations. The three requisites for an aiding, abetting and causing violation are present because: (1) CRW committed a primary violation: (2) Williams knew, or was reckless in not knowing, that he was part of an overall course of conduct that was improper or illegal; and (3) he knowingly and substantially assisted the primary violation. See Camp v. Dema, 948 F.2d 455, 459 (8th Cir. 1991); Woods v. Barnett Bank of Fort Lauderdale, 765 F.2d. 1004, 1009 (11th Cir. 1985); Investors Research Corp. v. SEC, 628 F.2d 168, 178 (D.C. Cir. 1980); Woodward v. Metro Bank of Dallas, 522 F.2d 84, 94-97 (5th Cir. 1975); Russell W. Stein, 56 S.E.C. 190, 197 (2003).

SANCTIONS

The Division recommends that the Commission: (1) order CRW and Williams to cease and desist from committing or causing violations or future violations of the recordkeeping and filing provisions; (2) revoke CRW's investment adviser registration; (3) bar Williams from association with an investment adviser; and (4) impose a second-tier civil penalty against CRW and Williams, jointly and severally. (Motion at 11-16.) Respondents argue that the sanctions are too harsh given the mitigating circumstances that they claim exist, Respondents lack the financial

[4] "Willfully" means "intentionally committing the act which constitutes the violation." One need not be aware that he or she is violating the law. Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

ability to pay a monetary penalty, and the lack of "fraud, investment related misconduct, or sales practice violations." (Answer at 4-5; Prehearing conference Oct. 30, 2007, Tr. 6, 9, 14, 23-24.)

The Commission cannot impose a penalty for acts committed more than five years before the commencement of an administrative proceeding. See Johnson v. SEC, 87 F.3d 484 (D.C. Cir. 1996). However, the Commission can "consider events outside the limitations period, where relevant, to provide context for the violations or to establish the respondent's motive, intent, or knowledge concerning the commission of violations within the limitations period." J. Stephen Stout, 54 S.E.C. 888, 913 (2000) (citing Terry T. Steen, 53 S.E.C. 618, 624 (1998)).

Cease and Desist

The Division recommends that the Commission order CRW and Williams to cease and desist from committing or causing violations or future violations of the recordkeeping and filing provisions of the Advisers Act. (Motion at 11-12.)

Section 203(k) of the Advisers Act authorizes the Commission to impose a cease-and-desist order upon any person who has violated any provision of the Advisers Act or any rule or regulation thereunder, or any other person that was a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation. In considering whether to issue a cease-and-desist order, the Commission considers the following factors and, in addition, the likelihood of future violations.

> [T]he egregiousness of the [respondent's] actions; the isolated or recurrent nature of the infraction; the degree of scienter involved; the sincerity of the [respondent's] assurances against future violations; the [respondent's] recognition of the wrongful nature of his conduct; and the likelihood that the [respondent's] occupation will present opportunities for future violations.

Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981); KPMG Peat Marwick LLP, 54 S.E.C 1135, 1183-85 (2001), reh'g denied, 55 S.E.C. 1 (2001), pet. denied, 289 F.3d 109 (D.C. Cir. 2002).

The record set forth above shows that Williams has been given every opportunity to bring his operations into compliance with regulatory requirements and has failed to do so despite knowing that severe consequences will likely follow. CRW and Williams have blatantly ignored several deficiency letters and the terms and conditions of the 1996 Cease-and-Desist Order. Williams remains in control of CRW. There are no mitigating circumstances. Cease-and-desist orders are necessary here because these facts show considerable risk of future violations by CRW and Williams, who caused the violations.

Revocation of Investment Adviser Registration

The Division recommends that the Commission revoke CRW's investment adviser registration. (Motion at 11, 13-14.)

Section 203(e) of the Advisers Act authorizes the Commission to censure, place limitations on the activities, functions, or operations of, suspend for up to twelve months, or revoke the registration of an investment adviser where the investment adviser has willfully violated the Advisers Act or any Advisers Act rule or regulation if it is in the public interest. In making a public interest determination, the Commission considers the Steadman factors set forth above. See Orlando Joseph Jett, 82 SEC Docket 1211, 1260-61 (Mar. 5, 2004); KPMG, 54 S.E.C. at 1183-84. The severity of sanctions depends on the facts of each case and the value of the sanctions in preventing a recurrence of the violative conduct. See Schield Mgmt. Co., 87 SEC Docket 848, 866 (Jan. 31, 2006) (citing Ralph W. LeBlanc, 80 SEC Docket 2750, 2764 (July 30, 2003)); Richard C. Spangler, Inc., 46 S.E.C. 238, 254 n.67 (1976); Leo Glassman, 46 S.E.C. 209, 211-12 (1975).

CRW's violations of Sections 203A and 204 of the Advisers Act and the rules thereunder are egregious because they are numerous and they involved a high degree of scienter, imputed from Williams, who knew the obligations of an investment adviser from previous deficiency letters. Despite two deficiency letters with respect to books and records violations in prior years, CRW admittedly did not make and keep specified books and records from June 2003 through February 2006. (Answer at 2-3.) In addition, the books and records violations were in direct violation of the terms of the 1996 Cease-and-Desist Order issued to Williams and "to any successor investment adviser, and/or any investment adviser of which Williams is a principal . . . " Williams, 61 SEC Docket at 0903 n.1.

CRW, acting through Williams, has given no indication that it is aware of the wrongful nature of its actions; in fact, CRW claimed just the opposite when it transmitted a letter to the Division on February 10, 2006, in which it claimed that "statements of cash flows, cash receipt journals, disbursement records, and general and auxiliary ledgers reflecting asset, liability, reserve, capital, income, and expense accounts were '***not applicable***' to its records keeping." (Answer at 2.) As noted, there is a high likelihood of continued violations.

For all the reasons stated, it is in the public interest to revoke CRW's investment adviser registration.

Bar From Association

The Division recommends that the Commission bar Williams from association with an investment adviser. (Motion at 11, 13-14.)

Section 203(f) of the Advisers Act authorizes the Commission to censure, place limitations on the activities of a person associated with an investment adviser at the time of the misconduct, suspend for up to twelve months, or bar such person where it is in the public interest to do so, if the person has willfully aided and abetted a violation of the Advisers Act or Advisers Act rules or regulations. The Steadman factors are applicable in making the public interest determination.

Williams' actions of aiding and abetting, and causing CRW's violations were egregious for the same reasons that the violations were egregious. In addition, Williams is a recidivist. His conduct, first as an individual and later as a person controlling a corporation, has consistently violated the regulatory framework. The evidence shows that Williams will attempt any strategy,

tactic, or argument to continue operating as a registered investment adviser. Despite his regulatory history, and over twenty years as an investment adviser, Williams has the gall to claim in this proceeding that CRW's books and records violations were "inadvertent" and "based on good faith lack of knowledge." (Answer at 4.) Williams made these arguments after agreeing to certain undertakings in 1996 requiring him and his successors to, among other things, "adopt, implement and maintain new written policies and procedures . . . to prevent and detect" subsequent books and records violations. (Id. at 1.) Most recently, he argued for, and was granted, time "to file some back tax returns" with Missouri in order to "get active as a corporation in the state of Missouri and then apply for registration as a state adviser," and to withdraw his federal registration. (Answer at 4; Prehearing conference, Oct. 30, 2007, Tr. 8.) There is no evidence that he followed through on those plans, and CRW has not filed a Form ADV-W. Allowing Williams to continue in the securities industry will almost certainly result in future violations. The Commission has held in a similar situation:

> We consider that respondents have amply demonstrated that they are unable or unwilling to comply with recordkeeping and reporting requirements, requirements that are necessary for the surveillance of registrant's operations and, therefore, the protection of registrant's clients. We showed leniency in our first administrative proceeding by giving respondents the opportunity to put their house in order. However, that course of action proved a complete failure. Under the circumstances, we have determined that the public interest now requires the imposition of severe sanctions.

Hammon Capital Mgmt. Corp., 48 S.E.C. 264, 268-69 (1985).

The persuasive evidence is that it is in the public interest to bar Williams from association with an investment adviser.

Civil Penalty

The Division recommends that the Commission impose a second-tier civil penalty against CRW and Williams, jointly and severally, but it does not quantify the amount. (Motion at 12, 14-16.)

Section 203(i) of the Advisers Act authorizes the Commission to impose a civil money penalty in a proceeding instituted under Sections 203(e) and 203(f) of the Advisers Act, where it is in the public interest, if a respondent has willfully violated, or has willfully aided and abetted the violation of, any provision of the Advisers Act, or the rules and regulations thereunder. The following considerations may be considered in determining whether it is in the public interest to assess a civil penalty: whether the acts or omissions involved fraud, deceit, manipulation, or deliberate or reckless disregard of a statutory requirement; the harm caused to other persons; the extent to which any person was unjustly enriched; whether a person has been found previously to have violated the federal securities laws; and the need for deterrence. See Advisers Act Section 203(i)(3).

Section 203(i) of the Advisers Act specifies a three-tiered system for determining the maximum civil penalty for each "act or omission." [5] See Mark David Anderson, 80 SEC Docket 3250, 3270 (Aug. 15, 2003) (imposing a civil penalty for each of the respondent's ninety-six violations). A penalty increases to the second tier if the violations involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement.[6] See Advisers Act Section 203(i)(2)(B).

I find that a second-tier penalty is appropriate because, by their actions, CRW and Williams have demonstrated a deliberate or reckless disregard of regulatory requirements, Williams has a history of prior violations, and there is a need to deter these Respondents and others. See Advisers Act Section 203(i)(3). Inasmuch as a prior civil penalty in the amount of $5,000 did not result in compliance, I will order a $10,000 civil penalty against Respondents, jointly and severally.[7]

ORDER

Based on the findings and conclusions set forth above, I DENY Respondents' request for additional time to prepare a response, and I GRANT the Division's Motion for Summary Disposition.

I ORDER, pursuant to Section 203(k) of the Investment Advisers Act of 1940, that C.R. Williams, Inc., shall cease and desist from committing or causing any violations or any future

---

[5] Violations committed by a natural person after February 2, 2001, but before February 14, 2005, have a maximum penalty of $6,500 in the first tier; $60,000 in the second tier; and $120,000 in the third tier. The maximum penalty for any other person is $60,000 for the first tier, $300,000 for the second tier, and $600,000 for the third tier.

Violations committed by a natural person after February 14, 2005, have a maximum penalty of $6,500 in the first tier, $65,000 in the second tier, and $130,000 in the third tier. The maximum penalty for any other person is $65,000 for the first tier, $325,000 for the second tier, and $650,000 for the third tier. See generally Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, ch. 10, sec. 31001, § 3701(a)(1), 110 Stat. 1321-358; 28 U.S.C. § 2461 (effective Mar. 9, 2006); 17 C.F.R. §§ 201.1001, .1002.

[6] A penalty at the third tier is inappropriate because there is no evidence that the violations, in addition, "directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons or resulted in substantial pecuniary gain to the person who committed the act or omission." Advisers Act Section 203(i)(2)(C).

[7] The Division gave notice that it was seeking, among other things, a penalty of between $25,000 and $50,000. (Prehearing conference, Oct. 30, 2007, Tr. 24.) Respondents' counsel indicated that they could not pay a $5,000 penalty, but Respondents have not made any filing indicating an inability to pay. See Steen, 53 S.E.C. at 627-28 (holding that if a respondent raises inability to pay before a law judge but fails to introduce financial information in support of the same, in accordance with Commission Rule of Practice 630, respondent waives the claim of inability to pay.)

violations of Sections 203A and 204 of the Investment Advisers Act of 1940 and Advisers Act Rules 203A-1(b)(2), 204-1(a)(1), 204-2(a)(1), 204-2(a)(2), and 204-2(a)(6);

I FURTHER ORDER, pursuant to Section 203(k) of the Investment Advisers Act of 1940, that Charles Russell Williams shall cease and desist from committing or causing any violations or any future violations of Sections 203A and 204 of the Investment Advisers Act of 1940 and Advisers Act Rules 203A-1(b)(2), 204-1(a)(1), 204-2(a)(1), 204-2(a)(2), and 204-2(a)(6);

I FURTHER ORDER, pursuant to Section 203(e) of the Investment Advisers Act of 1940, that the investment adviser registration of C.R. Williams, Inc., is revoked;

I FURTHER ORDER, pursuant to Section 203(f) of the Investment Advisers Act of 1940, that Charles Russell Williams is barred from association with an investment adviser; and

I FURTHER ORDER, pursuant to Section 203(i) of the Investment Advisers Act of 1940, that C.R. Williams, Inc., and Charles Russell Williams shall pay, jointly and severally, a civil money penalty in the amount of $10,000.

Payment of the civil penalty shall be made on the first day following the day this Initial Decision becomes final. Payment shall be made by certified check, United States Postal money order, bank cashier's check, or bank money order, payable to the U.S. Securities and Exchange Commission. The payment, and a cover letter identifying Respondents and the proceeding designation, shall be delivered to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22312. A copy of the cover letter and instrument of payment shall be sent to the Commission's Division of Enforcement, directed to the attention of counsel of record.

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.

_____

Brenda P. Murray

Chief Administrative Law Judge