

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

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 51377 / March 15, 2005**

**INVESTMENT ADVISERS ACT OF 1940**

**Release No. 2365 / March 15, 2005**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-11857**

**In the Matter of**

**BRYAN JAMES HAWES,**

**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,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**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 Bryan James Hawes (“Hawes” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has 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 and the findings contained in Section III.2 and III.4 below, which are admitted, Respondent consents to the entry of this 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, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Hawes is the President of Financial Management Advisory Services, Inc., and Financial Management Services, Inc. These companies provided investment adviser and other services in Pennsylvania. Hawes also had a Series 1 license, which is expired. From March 1994 until November 20, 2003, Hawes was a registered representative associated with a registered broker-dealer. Hawes, 53 years old, is a resident of Pittsburgh, Pennsylvania.

2. On March 9, 2005, a final judgment was entered by consent against Hawes, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled, Securities and Exchange Commission v. Bryan James Hawes, et al., Civil Action Number: 03-CV-3-1786, in the United States District Court for the Western District of Pennsylvania.

3. The Commission’s complaint alleged that, from as early as 1995 until 2003, Hawes committed fraud while working as a financial planner and investment adviser. Hawes’s scheme consisted of two components, and he executed it through two businesses he created: Financial Management Services, Inc., an insurance business, and Financial Management Advisory Services, Inc., an investment adviser business. The first component of the fraud involved the purchase of certain variable annuities. Hawes, directly and indirectly, falsely told certain investors that he had purchased, as they had directed, variable annuity policies as investment vehicles. In fact, for those investors, Hawes never bought the policies but rather took the policy “premium” for himself. For other investors, Hawes initially purchased the annuities but later liquidated them without the investors’ knowledge or authorization, keeping the proceeds for himself. The second aspect of Hawes’s fraud involved him charging exorbitant and unauthorized fees to investors who believed he was managing their assets. Hawes then hid his fraud from these investors by sending false account statements to the investors that showed inflated balances but did not show the inflated fees. Hawes was able to deduct the unauthorized fees from the investors’ accounts without their knowledge because he had access to their accounts because he was the investors’ investment adviser.

4. On April 8, 2004, Hawes pled guilty to two counts of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the Western District of Pennsylvania, in United States v. Bryan James Hawes, Crim. Information No. 04-CR-00082. On August 18, 2004, a judgment in the criminal case was entered against Hawes. He was sentenced to a prison term of 98 months followed by three years of supervised release and ordered to make restitution in the amount of \$2,601,961.60.

5. The counts of the criminal information to which Hawes pled guilty alleged, inter alia, that Hawes defrauded investors and obtained money and property by means of materially false and misleading statements and that he used the United States mails to send false account statements.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Hawes'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 Hawes be, and hereby is barred from association with any broker, dealer, or investment adviser.

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.

By the Commission.

Jonathan G. Katz  
Secretary