UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59783 / April 17, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13331

In the Matter of	:	ORDER MAKING FINDINGS AND
	:	IMPOSING REMEDIAL SANCTION
LAURENCE G. YOUNG	:	BY DEFAULT

Background

The Securities and Exchange Commission (Commission) initiated this proceeding on January 12, 2009, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The Division of Enforcement (Division) served the Order Instituting Proceedings (OIP) on Laurence G. Young (Young) on February 17 and February 22, 2009.[1]

On March 24, 2009, the Division filed a Motion for an Order Granting Default and Other Relief (Motion) with a Memorandum in Support of the Motion with seven exhibits (Memo).[2] Young has not filed an Answer to the OIP, and he did not respond to the Division's invitation to copy or inspect its investigative file. (See 17 C.F.R. § 201.220; Memo, Ex. 7.) Young participated in the telephonic prehearing conference on March 25, 2009 (PH). He does not dispute that the United States District Court for the District of Colorado (district court) entered the Order and Default Judgment in McMillin on December 10 and December 22, 2008, respectively; however, he claims that he did not intentionally commit the violations which are the basis of the injunction, that at the time he was raising four children and caring for his mother who was dying, and that he has

[1] Young's daughter accepted service at a house where Young was living on February 17, 2009, and Young was personally served on February 22, 2009. (Division's Status Report with Exhibits 1-3, filed March 5, 2009).

[2] All the exhibits, except Exhibit 7, are documents in SEC v. McMillin, No. 07-cv-02636-REB-MEH (D. Colo.). Memo, Ex. 1: Complaint, filed December 19, 2007; Ex. 2: Temporary Restraining Order, Asset Freeze and Other Equitable Relief, and Order Setting Preliminary Injunction Hearing filed December 20, 2007; Ex. 3: Order of Preliminary Injunction, Asset Freeze, and Other Equitable Relief as to Young filed January 9, 2008; Ex. 4: Order Granting Motion for Default Judgment (Order) filed December 10, 2008; Ex. 5: Report and Recommendation Pursuant to 28 U.S.C. § 636(e) filed June 13, 2008; Ex. 6: Default Judgment filed December 22, 2008; and Ex. 7: Declaration of Marla J. Pinkston executed March 23, 2009. I take official notice of the seven exhibits attached to the Motion. See 17 C.F.R. § 201.323.

been homeless for the past year since his son was seriously injured. (PH Tr. 5, 7, 12; Memo, Exs. 4, 6.) I allowed Young twenty days in which to retain an attorney, however, as of the date of this Order, there is no indication that he has done so. (PH Tr. 8, 13.)

Based on his failure to file an answer and to otherwise defend the proceeding, I GRANT the Division's Motion and find Young to be in default and that the allegations in the OIP are true. See 17 C.F.R. §§ 201.155(a), .220(f).

Facts

In McMillin, the district court entered as to Young: (1) a Temporary Restraining Order, Asset Freeze and Other Equitable Relief, and Order Setting Preliminary Injunction Hearing on December 20, 2007; (2) an Order of Preliminary Injunction, Asset Freeze, and Other Equitable Relief on January 9, 2008; (3) a Report and Recommendation of a United States Magistrate Judge on June 13, 2008; (4) an Order on December 10, 2008; and (5) a Default Judgment on December 22, 2008. (Memo, Exs. 2 – 6.)

The Complaint filed on December 19, 2007, that was the basis for the district court's actions, charges that Young, individually and doing business as Fairweather Management (Fairweather) and Access Funding, three other individuals, and Innovative Projects, Inc., d/b/a/ American Investors Network (AIN), engaged in a fraudulent scheme from approximately July through at least December 19, 2007. (Memo, Ex. 1 at 1-6, 24.) Young, age forty-nine and a Colorado resident, became a salesperson for AIN in approximately July 2007. (Memo, Ex. 1 at 5.) Young was one of several people hired to make telephone solicitations to people throughout the country in which they represented that AIN was a highly successful company engaged in advertising programs that sold electronic gadgets, vacations, and other products on national television. (Memo, Ex. 1 at 2.)

Young and others falsely represented in emails and telephone calls received in response to internet solicitations that AIN was highly successful, that investor funds would be used to purchase television advertising, that each investor would be assigned a toll-free number and receive fifty percent of all profits earned, and that an investor's principal, less profits paid, was fully refundable. (Memo, Ex. 1 at 2, 8-9.) Young and other promoters represented that investors would receive "average monthly profits of $10,000 - $20,000 for individuals and $80,000 - $120,000 for corporations" for an initial investment of $2,000 for "individual partners" and $20,000 for "corporate partners." (Memo, Ex. 1 at 2-3.) The AIN website showed purported testimonials from past investors touting their past earnings. (Memo, Ex. 1 at 9.) Young was paid a commission based on sales of AIN advertising program interests to investors. (Memo, Ex. 1 at 5.)

AIN's advertising program was fraudulent. (Memo, Ex. 1 at 10-13.) There were no AIN advertisements on national television, no purchases of toll-free numbers for investors, AIN had no profits, it had not been in business for the number of years it claimed, and it did not honor every investor's request to return funds. (Memo, Ex. 1 at 2, 9-11.)

On September 25, 2007, after Young learned that the Commission was investigating AIN, he registered two entities, Fairweather and Access Funding, with the Colorado Secretary of State in order to continue the scheme and to receive investor funds. (Memo, Ex. 1 at 3, 5-6.) Young and two other individuals began using Fairweather to solicit funds from new investors, and a bank

account that Young opened in the name of Access Funding received funds from investors in AIN and Fairweather. (Memo, Ex. 1 at 3, 6.) Young controlled Fairweather and Access Funding, their bank accounts, and their other assets. (Memo, Ex. 1 at 6.)

Young engaged in offers and sales of AIN and Fairweather advertising programs that were not registered with the Commission, and were not exempt from registration. (Memo, Ex. 1 at 3.) In a classic Ponzi scheme scenario, Fairweather and AIN, raised up to $2.3 million from 280 investors in the period from February through early November 2007. (Memo, Ex. 1 at 3.) No funds were used for television advertising or for toll-free telephone numbers, instead approximately $1.9 million was returned in "profit" checks to existing investors and the rest was paid to Young and others as sales commissions or for household expenses. (Memo, Ex. 1 at 3, 11-12.)

On June 13, 2008, a United States Magistrate Judge issued a report recommending that Young be incarcerated for his contempt in connection with the District Court's March 25, 2008, order:

> Based on Defendant's modus operandi as set forth in detail in the Temporary Restraining Order and Preliminary Injunction, his failure to provide documents in response to an October 25, 2007, SEC investigative subpoena, his failure to appear at the April 10, 2008 status conference, his professed lack of monetary resources despite having withdrawn at least $190,000 in cash from a bank account that he controlled during October and November 2007, and the less than credible statements made by the Defendant to this Court during the March 25, 2008, hearing, imprisonment is the least drastic means of coercing Defendant Young to do what he has refused to do.

(Memo, Ex. 5 at 8.)

In the Order and the Default Judgment, the district court, in McMillin, enjoined Young from violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5, ordered him to disgorge $282,102.61 and prejudgment interest of $16,698.13, and ordered him to pay a civil penalty of $282,102. (Memo, Exs. 4, 6.)

Law

Section 15(b)(4) and Section 15(b)(6) of the Exchange Act empower the Commission to take certain actions where a person committed willful violations of the securities statutes or was enjoined from such violations and, either before, during, or after the violations, the person was a broker or dealer or associated with a broker dealer at the time. Young meets all the criteria. He allegedly committed willful violations of the securities statutes and he was enjoined.[3] Young was

[3] The term "willful" as used in the Exchange Act simply requires the intentional doing of the wrongful acts – no knowledge of the rule or regulation is required. See Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000); United States v. O'Hagan, 139 F.3d 641, 647 (8th Cir. 1998); Tager v. SEC, 344 F.2d 5, 8 (2d Cir. 1965).

not registered with the Commission as a broker or a dealer and he was not associated with a broker or dealer registered with the Commission. (Memo at 3.) However, during the time Young committed the violations, he was associated with Jarrod W. McMillin, a person found to have done business as an unregistered broker or dealer,[4] and Young himself was found to have violated Section 15(a) of the Exchange Act by acting as an unregistered broker or dealer. (Memo, Ex. 6 at 4-5.)

The public interest considerations are set out in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Young's uncontested violations were egregious, continued for several months, and involved a high degree of scienter. Young had first-hand knowledge of the fraud at AIN and took steps to continue it through Fairweather when the Commission began investigating AIN. Persons who are enjoined from committing violations of the antifraud provisions of the securities statutes are most often barred from participating in the industry in the public interest where, as here, there is no evidence that it would be inappropriate to do so. See Marshall E. Melton, 56 S.E.C. 695, 713 (2003). Young has given no assurances that he will not commit further violations either to the district court where he was found to be in default, or in this proceeding in which, similar to the district court, he did not an answer or otherwise defend the case. (Memo, Ex. 4 at 3.) The severity of a sanction depends on the facts of each case and the value of the sanction in preventing a recurrence. See Berko v. SEC, 316 F.2d 137, 141-42 (2d Cir. 1963); Richard C. Spangler, Inc., 46 S.E.C. 238, 251-52 (1976); Leo Glassman, 46 S.E.C. 209, 211-12 (1975).

Order

Based on the findings set forth above, I ORDER that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Laurence G. Young is barred from association with any broker or dealer.

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Brenda P. Murray
Chief Administrative Law Judge

[4] I take official notice of McMillin, Order of Permanent Injunction as to Defendant Jarrod W. McMillin, entered March 4, 2008. See 17 C.F.R. § 201.323.