

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 8645 / December 22, 2005

SECURITIES EXCHANGE ACT OF 1934

Release No. 53009 / December 22, 2005

INVESTMENT ADVISERS ACT OF 1940

Release No. 2465 / December 22, 2005

INVESTMENT COMPANY ACT OF 1940

Release No. 27196 / December 22, 2005

ADMINISTRATIVE PROCEEDING

File No. 3-12131

In the Matter of

MICHAEL S. deVEGTER

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b), 15B(c)(4) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(e) OF THE INVESTMENT ADVISERS ACT, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b), 15B(c)(4), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Michael S. deVegter (“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, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b), 15B(c)(4), and 21C of the Securities Exchange Act of 1934, Section 203(e) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940 ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that

Respondent

1. At all relevant times, Respondent served as a Vice-President in the Public Finance Department of Stephens Inc. ("Stephens"), resident in its Atlanta office. At all relevant times, Respondent was a registered representative associated with Stephens. Respondent now resides in Chatham County, Georgia.

Other Relevant Entities

2. Fulton County, Georgia's governing body is the Board of Commissioners. At all relevant times, the Fulton County Board of Commissioners was empowered to issue bonds and to select underwriters in connection with such bond issuances.

3. Stephens is an Arkansas Corporation with its principal place of business in Arkansas. At all relevant times, Stephens was a broker-dealer, municipal securities dealer, and investment adviser, and was registered with the Commission pursuant to Sections 15(b) and 15B(a) of the Exchange Act, and Section 203(c) of the Advisers Act.

Facts

4. In March 1992, Fulton County commenced a process for selecting new financial advisors by issuing a Request for Proposals for financial advisory services ("Financial Advisory RFP"). In its Financial Advisory RFP, the County stated that the financial advisor it

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

selected would be expected to provide the County with, among other things, “assistance in the selection of investment banking firms” for the underwriting of County bond issues, as well as “independent advice,” on a variety of matters, including such selection.

5. On June 3, 1992, Fulton County named Stephens and another firm to provide services in connection with the Financial Advisory RFP. Respondent was the senior investment banker for Stephens, and Stephens’ Financial Advisory RFP identified Respondent as the primary banker assigned to the Fulton County financial advisory account.

6. By July 1992, with the assistance of its financial advisors, Fulton County decided to pursue a large bond issue known as the \$163,375,000 Fulton County, Georgia, Water and Sewerage Revenue Bonds, Refunding Series 1992 (“Fulton Water & Sewer Refunding”). The securities from this bond issue were ultimately offered and sold to the public.

7. In breach of his duties to his financial advisory client, Respondent agreed to assist and did assist an investment bank that was one of the bidders for the position of senior managing underwriter for the Fulton Water & Sewer Refunding. Fulton County ultimately selected the investment bank as the senior managing underwriter. Respondent knowingly or recklessly failed to disclose his assistance to the investment bank, which was of a material nature.

8. In December 1992, following closing of the Fulton Water & Sewer Refunding, an outside consultant to the investment bank, who had worked previously with Respondent, requested payment from the investment bank of \$83,872 for “Governmental Consulting-Business Development/Marketing Services.” Subsequently, the investment bank issued a check for \$83,872 to the outside consultant.

9. The outside consultant then paid Respondent \$41,936, exactly half of this amount. The \$41,936 payment to Respondent was never disclosed to the issuer or to investors in the Fulton Water & Sewer Refunding. Respondent knew or was reckless in not knowing that his failure to disclose to Fulton County his relationship with the investment bank and his receipt of this payment was a material omission.²

10. As a result of the conduct described above, Respondent willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent deVegter’s Offer.

² Respondent did, however, disclose the payment to the Internal Revenue Service and the Georgia Department of Revenue, and he paid income taxes on it.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b), 15B(c)(4) and 21C of the Exchange Act, Section 203(e) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent deVegter cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent deVegter be, and hereby is barred from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer, and is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. 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.

D. IT IS FURTHER ORDERED that Respondent shall, within 30 days of the entry of this Order, pay disgorgement and prejudgment interest in the total amount of \$64,443.69 to the United States Treasury. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Alexandria, Stop 0-3, VA 22312; and (D) submitted under cover letter that identifies Michael S. deVegter as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Peter H. Bresnan, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549.

By the Commission.

Jonathan G. Katz
Secretary