

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64965 / July 26, 2011**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3252 / July 26, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14488**

**In the Matter of**

**WILLIAM KEVIN  
HARRISON,**

**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 William Kevin Harrison (“Harrison” 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 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. Harrison was associated with Wachovia Securities, Inc, a registered broker-dealer, as a registered representative from 2003 until his resignation on October 13, 2008. While at Wachovia, Harrison held Series 7 and 63 licenses. During the relevant time period, Harrison acted as an investment adviser to several of his Wachovia customers.

2. On April 15, 2011, a judgment was entered by consent against Harrison, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77 q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2) & (4)] and Rule 206(4)-8, thereunder [17 C.F.R. § 275.206(4)-8], in the civil action entitled Securities and Exchange Commission v. William K. Harrison, et al., Civil Action Number 3:10-cv-00634, in the United States District Court for the Western District of North Carolina.

3. The Commission's complaint alleged the following facts: Between approximately December 2007 and October 2008, Harrison used misrepresentations and omissions of material fact to defraud at least forty-two Wachovia brokerage customers of at least \$8 million in customer funds. On or around December 2007, Harrison began offering his Wachovia customers an investment opportunity outside of Wachovia through an advisory firm he owned. Harrison misrepresented to customers who became advisory clients that the investment opportunity was guaranteed to make a 35% return, with no risk of loss of principal. In those instances when investors were informed that their monies would be used for trading options, Harrison misrepresented the riskiness of his trading strategy by telling investors that he had a foolproof approach to trading options and that their principal investment was secure and would make handsome returns regardless of market volatility. Harrison pooled his customers' funds in an account opened with optionsXpress, Inc. ("optionsXpress") in Harrison's wife's name or in a joint account with optionsXpress in the name of Harrison and his wife. Clients of the advisory firm Harrison worked through also placed assets in the pooled vehicle based on misrepresentations. So as to not draw attention to his conduct, Harrison placed "limited trading authorizations" and other related documentation associated with his scheme in the name of Harrison's wife. Although the trading strategy that Harrison employed was initially successful, it soon resulted in substantial investor losses. By October 2008, he had depleted the vast majority of the money he had raised from investors. On October 13, 2008, Harrison submitted to Wachovia a resignation letter in which he confessed to "misdirecting" \$6.6 million from 17 of his Wachovia customers in order to trade online. He also admitted that he had conducted this online trading without first securing the authorization of these 17 individuals.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Harrison'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 Harrison shall be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Harrison shall be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

By the Commission.

Elizabeth M. Murphy  
Secretary