

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2920 / August 20, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13594

In the Matter of KNOX H. FUQUA,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Knox H. Fuqua (“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 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. Knox H. Fuqua ("Fuqua"), age 49, of Charleston, West Virginia, was an investment adviser and between 2003 and 2005 was the sole person in control of Commission-registered investment adviser KHF Advisors, LLC ("KHF Advisors"), his alter ego.

2. On August 14, 2009, a final judgment was entered by consent against Fuqua, 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 ("Exchange Act") and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act"), in the civil action entitled Securities and Exchange Commission v. Knox H. Fuqua, et al., Civil Action Number 2:06-cv-0666, in the United States District Court for the Southern District of West Virginia.

3. The Commission's Complaint alleged, among other things, that Fuqua and his company were fiduciaries of their investment advisory clients. As such, they owed their clients a duty of honesty, undivided loyalty, fair-dealing and full disclosure. The Complaint further alleged that Fuqua and his company breached their fiduciary duties by: (1) misappropriating client funds, (2) materially misrepresenting the nature and risk of the investments made on behalf of the clients, and (3) investing client funds in a manner contrary to client instructions. Fuqua's clients gave him discretionary authority over their money, with the caveat that he not put their money in high-risk investments. Instead of investing his clients' funds according to their instructions, Fuqua used the funds to pay his personal and business expenses and repay money he had misappropriated from other investors.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act that Respondent Fuqua be, and hereby is barred from association with any 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.

Elizabeth M. Murphy
Secretary