

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68334 / December 3, 2012

INVESTMENT ADVISERS ACT OF 1940
Release No. 3509 / December 3, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15115

In the Matter of

ARNETT L. WATERS,

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 Arnett L. Waters (“Respondent” or “Waters”).

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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and 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. Arnett L. Waters is the president, chief executive officer, and owner of A.L. Waters Capital, LLC (“Waters Capital”), an investment adviser registered with the Commission. Waters was a registered representative with Waters Capital from April 2005 through March 9, 2012, when he was permanently barred from association with any FINRA member for failing to provide testimony in a FINRA investigation. He was associated with various brokerage firms off and on from 1983 to 1993, when he was censured and barred for two years by the New York Stock Exchange. Waters, 62 years old, is a resident of Milton, Massachusetts.

2. On October 2, 2012, Waters pled guilty to two counts of criminal contempt in violation of Title 18 United States Code, Section 401(3) before the United States District Court for the District of Massachusetts, in SEC v. A.L. Waters Capital, LLC, et al., Case No. 12-CV-10873-DJC.

3. The counts of the criminal information to which Waters pled guilty alleged, inter alia, that Waters knowingly and willfully disobeyed and resisted a lawful order and command of the Court in the underlying civil securities fraud action to submit an accounting of assets and of all accounts held at any bank in his name or for his benefit by purposely omitting a bank account in which he had deposited funds. The criminal information also alleged that Waters knowingly and willfully disobeyed and resisted a lawful order and command of the Court in the underlying civil securities fraud action to hold and retain all funds and other assets and prevent their dissipation by withdrawing funds and writing checks drawn upon that bank account.

IV.

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

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.

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