

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 93085 / September 21, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20582

In the Matter of

KEVIN DROST,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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”) against Kevin Drost (“Respondent” or “Drost”).

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 paragraphs 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, 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. At all times relevant to these proceedings, Drost was associated with The Owings Group, LLC ("Owings") and its related entities. During the time period relevant to these proceedings, Drost sold Owings' unregistered securities, but he was not registered with the Commission as a broker and he was not associated with a registered broker. Drost, 63 years old, is a resident of Shenadoah Junction, West Virginia.

2. On October 9, 2018, a judgment was entered by consent against Drost, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. The Owings Group, LLC, et al., Civil Action Number 1:18-cv-02046-RDB, in the United States District Court for the District of Maryland. Final Judgment was entered on May 12, 2021.

3. The Commission's complaint alleged that from 2013 until at least 2014, Drost engaged in a fraudulent scheme that defrauded approximately 50 investors of more than \$5 million. At the heart of the scheme was the Owings Initial Registration Program (the "IRP"), in which investors paid Owings \$60,000 to bring a company public using a quick and efficient "streamlined" factory-style approach to SEC registration. The IRP promised investors a 50% return in less than a year with principal protection. The complaint alleged that Drost lured investors into purchasing worthless securities in the form of IRP joint venture partnership interests through material misrepresentations, misleading half-truths, and other deceptive conduct to create the false impression that Owings had been successfully using its "streamlined" approach for years. The complaint also alleged that Drost sold unregistered securities and acted as an unregistered broker. For example, Drost solicited investors, made valuations regarding the merits of the investment and received transaction-based compensation in the form of commissions.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Drost 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; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Drost 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.

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.

Vanessa A. Countryman
Secretary