

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 100976 / September 9, 2024**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6677 / September 9, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22085**

**In the Matter of**

**RONALD WALTER HANNES,**

**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 Ronald Walter Hannes (“Respondent” or “Hannes”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“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 admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and 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. From September 1986 to December 2019, Hannes (CRD# 1462241) was a registered representative associated with broker-dealers registered with the Commission. At all times relevant to these proceedings, Hannes was associated with a dually-registered broker-dealer and investment adviser. Hannes, 74 years old, is a resident of Spokane, Washington.

2. On September 16, 2020, the State of Washington Department of Financial Institutions Securities Division entered a Consent Order ("Washington Order") in an administrative action entitled *In the Matter of Determining Whether there has been a violation of the Securities Act of Washington by: Ronald Walter Hannes; Hannes Financial Services, Inc.*, Order No. S-20-2873-20-CO01. The Washington Order incorporated by reference the Findings of Fact and Conclusions of Law in the Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Deny Future Registrations, Impose Fines, and Charge Costs, Order Number S-20-2873-20-SC01 ("Statement of Charges"). The Statement of Charges found that, among other things, Hannes violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, and engaged in dishonest and unethical business practices in violation of WAC 460-22B-090. Without admitting or denying the Findings of Fact and Conclusions of Law in the Statement of Charges, Hannes consented to the entry of the Washington Order, which ordered, *inter alia*, Hannes to cease and desist from violating RCW 21.20.010, and further ordered that any application for registration as an investment adviser, investment adviser representative, broker-dealer, or securities salesperson by Hannes shall be denied.

3. The Statement of Charges incorporated by reference into the Washington Order found that "[f]rom approximately 2003 to 2019, Hannes engaged in an extensive, long-term fraud against his . . . clients by convincing them to write checks to [Hannes Financial Services, Inc.] for off-the-books investments, then using the money for unknown purposes." The Statement of Charges also found that Hannes "defrauded at least nineteen clients, with total losses exceeding \$2.9 million" and appears to have falsified checks during an internal investigation conducted by the dually-registered broker-dealer and investment adviser with which Hannes was associated at the time.

4. On July 18, 2023, Hannes pled guilty to one count of "Investment Advisor Fraud" in violation of Title 15 United States Code, Sections 80b-6, 80b-17 before the United States District Court for the Eastern District of Washington, in *United States v. Ronald Walter Hannes*, Case No. 2:22-CR-0085-TOR. On February 22, 2024, a judgment in the criminal case was entered against Hannes. He was sentenced to probation for a term of five years and ordered to pay \$3,187,545.15 in restitution and a \$100 assessment.

5. In his signed Plea Agreement, Hannes stipulated and agreed that the facts set forth in the "Factual Basis and Statement of Facts" are accurate. These facts include, *inter alia*, that Hannes persuaded victims "to invest in separate 'high rate, tax-free' bond investments," and

convinced victims to write checks to Hannes Financial Services, Inc., and other entities at Hannes's request, to invest in the bonds, but "there were no bonds or securities attached to these investments."

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Hannes'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 Hannes 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 Hannes 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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