UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101213 / September 27, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. IA-6733

ADMINISTRATIVE PROCEEDING
File No. 3-22217

In the Matter of **MOLONEY SECURITIES CO., INC., DONALD R. HANCOCK, DAVID F. LA GRANGE, AND LAURA B. BARNES,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND CEASE-AND-DESIST ORDERS**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Moloney Securities Co., Inc. ("Moloney"), Donald R. Hancock ("Hancock"), David F. La Grange ("La Grange"), and Laura B. Barnes ("Barnes") (collectively, the "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement ("Offers") 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds[1] that:

Summary

1. These proceedings arise out of Respondents' failures to comply with Regulation Best Interest ("Regulation BI") in connection with recommendations of corporate bonds called "L Bonds" offered by GWG Holdings, Inc. ("GWG") to retail customers between June 30, 2020, the compliance date for Regulation BI, and approximately January 15, 2022 (the "Relevant Period"). According to GWG's disclosures during the Relevant Period: (a) L Bond investments involved a high degree of risk, including the risk of losing an investor's entire investment; (b) L Bond investments may be considered speculative; (c) L Bond investments were only suitable for investors with substantial financial resources and no need for liquidity in the investment; and (d) GWG would use a portion of the L Bond proceeds to repay existing L Bond holders. In addition, in November 2021, among other things, GWG disclosed that several enumerated factors raised substantial doubt regarding its ability to continue as a going concern.

2. Despite these disclosures, in recommending the purchase of L Bonds to certain retail customers, Moloney failed to exercise reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with the recommendations. Moloney also recommended the purchase of L Bonds to certain retail customers for whom it did not have a reasonable basis to believe that the recommendations were in the customers' best interest based on the customers' investment profiles and the potential risks, rewards, and costs associated with the L Bonds. Moloney also failed to establish written policies and procedures reasonably designed to identify and disclose, mitigate, or eliminate conflicts of interest associated with recommendations and enforce those policies and procedures that it did have and to disclose material conflicts of interest associated with its recommendations of L Bonds created by its Chief Executive Officer's and other employees' personal ownership of GWG securities. Moloney further failed to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation BI. As a result, Moloney failed to comply with Regulation BI's Care Obligation, Conflict of Interest Obligation, Disclosure Obligation, and Compliance Obligation. By failing to comply with Regulation BI's component obligations, Moloney willfully violated the General Obligation of Regulation BI found in Exchange Act Rule 15*l*-1(a)(1) ("General Obligation").

3. During the Relevant Period, Hancock, Moloney's Chief Executive Officer, was responsible for the firm's day-to-day operations and its sales of L Bonds to retail customers and caused Moloney's failures to comply with the Care Obligation, Conflict of Interest Obligation, and Disclosure Obligation, in violation of the General Obligation of Regulation BI. In addition, Hancock, La Grange, and Barnes (collectively, the "Individual Respondents") failed to exercise reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with the recommendation of L Bonds to certain retail customers. La Grange and

[1] The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Barnes further recommended the purchase of L Bonds to certain retail customers for whom they did not have a reasonable basis to believe the recommendations were in the customers' best interest based on the customers' investment profiles and the potential risks, rewards, and costs associated with the L Bonds. As a result, Hancock, La Grange, and Barnes failed to comply with the Care Obligation and willfully violated the General Obligation of Regulation BI.

Respondents

4. Moloney Securities Co., Inc. is a Missouri corporation headquartered in Manchester, Missouri, and has been registered with the Commission as a broker-dealer pursuant to Section 15(b) of the Exchange Act since 1995. Moloney has branch offices throughout the United States and has approximately 125 registered representatives, some of whom also are investment adviser representatives with an affiliated investment adviser, Moloney Securities Asset Management, LLC ("Moloney Asset Management").

5. Hancock, a resident of St. Louis, Missouri, has been the Chief Executive Officer and Chairman of the Board of Moloney since 2013. Hancock also has been a registered representative associated with Moloney since 2010 and an investment adviser representative associated with Moloney Asset Management since 2016. Hancock is registered as an Options Principal (i.e., Series 4), General Securities Representative (i.e., Series 7), General Securities Principal (i.e., Series 24), Financial and Operations Principal (i.e., Series 27), Municipal Securities Principal (i.e., Series 53), Uniform Securities Agent (i.e., Series 63), and Uniform Investment Adviser Agent (Series 65).

6. La Grange, a resident of Winterset, Iowa, has been a registered representative associated with Moloney since 2012 and an investment adviser representative associated with Moloney Asset Management since 2016. La Grange is registered as a Securities Representative (i.e., Series 7) and Uniform Securities Agent (i.e., Series 63).

7. Barnes, a resident of Winterset, Iowa, has been a registered representative associated with Moloney since 2012. Barnes is registered as a Securities Representative (i.e., Series 7) and Uniform Combined Securities Agent (i.e., Series 66).

Facts

A. GWG L Bonds

8. GWG was a publicly traded financial services company. Prior to 2018, GWG's business model involved acquiring life insurance policies in the secondary market. Following several corporate transactions in 2018 and 2019 with the Beneficient Company Group, L.P. ("Beneficient"), GWG reoriented its business to focus on Beneficient's business model of providing liquidity to holders of illiquid investments and alternative assets.

9. GWG had a history of net losses and had not generated sufficient operating and investing cash flows to fund its operations. Neither GWG nor Beneficient was profitable during 2018 or 2019, and both posted net losses from operations exceeding $79 million during both

years.

10. GWG depended on financing – primarily debt financing, such as through the sale of L Bonds – to fund its operations. Since 2012, GWG had raised funds for its operations by selling L Bonds to retail customers through a nationwide network of broker-dealers. The L Bonds had possible durations of two years, three years, five years, or seven years.

11. In June 2020, GWG started a new offering under which it planned to issue up to $2 billion of L Bonds pursuant to a prospectus ("June 2020 Prospectus"). The June 2020 Prospectus disclosed, among other things, that (i) the L Bonds involved a "high degree of risk," including the risk of losing one's entire investment; (ii) the L Bonds "may be considered speculative"; (iii) GWG would use a portion of the L Bond proceeds to repay existing L Bond holders; and (iv) the "L Bonds are only suitable for persons with substantial financial resources and with no need for liquidity in this investment."

12. GWG temporarily ceased the sale of L Bonds in April of 2021 because it was unable to file its Form 10-K for the year ended December 31, 2020 ("2020 Form 10-K"). GWG subsequently filed its 2020 Form 10-K on November 5, 2021 and resumed selling L Bonds shortly after issuing a supplement to the June 2020 Prospectus ("November 2021 Prospectus Supplement").

13. GWG's 2020 Form 10-K reported a net loss of $215 million and interest expenses that exceeded total revenue by $30 million. Further, 66% of GWG's total assets consisted of goodwill.

14. GWG's November 2021 Prospectus Supplement and 2020 Form 10-K contained additional important information and disclosures about GWG and the L Bonds, including: (i) there was "substantial doubt" about GWG's ability to continue as a going concern for the next twelve months following the filing of the 2020 Form 10-K; (ii) there was a material weakness in GWG's internal control over financial reporting for all periods from December 31, 2019 to December 31, 2020; (iii) GWG heavily relied on the sales of L Bonds to fund its operations and GWG's viability as a business would be negatively impacted if demand for the L Bonds dissipated; (iv) GWG's ability to service and repay debt obligations would be compromised if it was forced to again suspend L Bond sales or if the demand for L Bonds dissipated; (v) there was a possibility GWG would lose its ability to exercise control over Beneficient; and (vi) there could be impairments to goodwill, which constituted the majority of GWG's consolidated assets, and such impairments would require GWG to write down the value of that goodwill.

15. Moloney recommended GWG L Bonds from at least June 2020 through January 2022. During the Relevant Period, Moloney did not have sufficient written policies or procedures that provided guidance to its registered representatives on how to form a reasonable belief that a recommendation was in a retail customer's best interest, including how to assess the net worth, risk tolerance, concentration limits, and other relevant criteria for investors who purchased alternative investments, including L Bonds, or how best to evaluate reasonably available alternatives.

16. After GWG restarted its sales of L Bonds in December 2021, Moloney continued to recommend them to retail customers despite there being "substantial doubt" about GWG's ability to continue as a going concern. At that time, Moloney instructed its registered representatives to limit recommendations of new purchases of L Bonds to 10% of their retail customers' net worth. Despite this instruction, pursuant to recommendations from Moloney's registered representatives, a number of Moloney's retail customers invested more than 10% of their net worth in L Bonds between December 2021 and January 2022.

17. In total, Moloney sold approximately $37 million of L Bonds from July 2020 to April 2021, and it sold approximately $4 million of L Bonds from December 2021 to January 2022. Of these amounts, La Grange recommended and sold approximately $3.7 million, Hancock recommended and sold approximately $1.1 million, and Barnes recommended and sold approximately $636,000 of L Bonds during the Relevant Period.

18. Moloney received a commission of 3.25% to 5% of the value of each L Bond sold depending on the term of the L Bond, and it paid approximately 80% to 90% of the commissions to the Moloney registered representatives who sold the L Bonds, based on their individual compensation agreements. In addition to the commissions, Moloney received additional compensation in the form of a reallowance fee of .75% of the total value of each two-year and three-year L Bond it sold and 1% of the total value of each five-year and seven-year L Bond it sold.

19. On January 15, 2022, GWG again suspended sales of L Bonds. GWG did not make its planned January 15, 2022 interest or principal payments on outstanding L Bonds and has not made any subsequent interest or principal payments on any of its L Bonds.

20. On April 20, 2022, GWG filed for Chapter 11 bankruptcy.

B. Failure to Comply with the Reasonable Basis Prong of Regulation BI's Care Obligation

21. Regulation BI's Care Obligation requires, among other things, that in making a recommendation of any securities transaction or investment strategy involving securities to a retail customer, broker-dealers and associated persons of broker-dealers exercise reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with the recommendation.

22. As Moloney's Chief Executive Officer and Chairman of the Board, Hancock exercised control over the general operations of Moloney. In addition, among other things, Hancock oversaw Moloney's alternative investment products, including the GWG L Bonds. He led the firm's activities with regard to its sales of L Bonds, including the firm's decisions to continue to sell L Bonds when GWG started its new offering in June 2020 and when GWG restarted sales of L Bonds in December 2021. Hancock also was responsible for managing Moloney's relationship with its registered representatives and answering registered representatives' questions about L Bonds.

23. During the Relevant Period, La Grange recommended over 90 L Bonds to retail customers, including 12 L Bonds between December 2021 and January 2022. Barnes, who worked out of the same office as La Grange, recommended at least eight L Bonds to retail customers, including four L Bonds to customers between December 2021 and January 2022. Hancock recommended L Bonds to four retail customers, including three L Bonds to customers between December 2021 and January 2022.

24. In addition, Moloney, through another registered representative, Registered Representative A, recommended more than 50 L Bonds to retail customers, including at least 13 L Bonds to customers between December 2021 and January 2022.

25. Respondents unreasonably disregarded, dismissed, misunderstood, or failed to take reasonable steps to understand significant disclosures and information regarding the potential risks, rewards, and costs associated with the L Bonds described in the June 2020 Prospectus, the November 2021 Prospectus Supplement and the 2020 Form 10-K.

26. During the Relevant Period, Moloney, the Individual Respondents, and Representative A unreasonably dismissed the language in the June 2020 Prospectus stating that the L Bond investments may be considered "speculative" and involved a "high degree of risk" as boilerplate, standard, typical, or commonplace, despite the unique risks presented by L Bonds.

27. Moloney, the Individual Respondents, and Representative A unreasonably dismissed the disclosures in the June 2020 Prospectus, the November 2021 Prospectus Supplement and the 2020 Form 10-K that GWG relied on proceeds from sales and renewals of L Bonds to fund its operations and to repay existing debt obligations, including the interest and principal on existing L Bonds, even after GWG stopped selling L Bonds between April and November 2021, and the information incorporated into the 2020 Form 10-K that showed no positive operating revenue at GWG or Beneficient to replace the L Bond revenue.

28. Moloney, the Individual Respondents, and Representative A also unreasonably dismissed the going concern and material weakness disclosures in the November 2021 Prospectus Supplement and failed to reasonably assess these risks in determining whether to recommend L Bonds to retail customers in December 2021 and January 2022. Their view of the risks associated with the L Bonds did not change despite the disclosures and they did not take reasonable steps to assess whether to change the way they recommended and sold L Bonds following those disclosures.

29. By failing to exercise reasonable diligence, care, and skill to understand the potential risks, rewards and costs associated with the recommendation of L Bonds to retail customers, Respondents failed to comply and Hancock also caused Moloney's failure to comply with Regulation BI's Care Obligation.

C. Failure to Comply with the Customer-Specific Prong of Regulation BI's Care Obligation

30. Regulation BI's Care Obligation also requires that, in making a recommendation

of any securities transaction or investment strategy involving securities to a retail customer, broker-dealers and associated persons of broker-dealers exercise reasonable diligence, care, and skill to have a reasonable basis to believe the recommendation is in the best interest of a particular retail customer based on the customer's investment profile and the potential risks, rewards, and costs associated with the recommendation.

31. During the Relevant Period, Moloney and La Grange recommended L Bonds to three retail customers for whom they did not have a reasonable basis to believe that the L Bonds were in the customers' best interest. These retail customers' risk tolerances, investment objectives, and net worth were a mismatch for high-risk, potentially speculative, illiquid investments such as L Bonds. Each of these customers had a moderate risk tolerance, was at or near retirement age, and invested a substantial percentage of their net worth in L Bonds based on a recommendation from La Grange. Further, La Grange recommended L Bonds to a customer in December 2021 resulting in a concentration of 30% despite Moloney's instruction that registered representatives limit their recommendations to purchase L Bonds to 10% of a customer's net worth during December 2021. Information about the three recommendations is summarized below:

Registered Representative	Customer Age	Investment Objective / Risk Tolerance	Date of Sale	Current L Bond Purchase	Total L Bond Holdings	Annual Income	Approximate Net Worth (excluding home)	Concentration in L Bonds
La Grange	80	Balanced/Moderate	3/11/2021	$40,000	$70,000	$100,00 to $199,000	$400,000	18%
La Grange	64	Balanced/Moderate	12/7/2021	$16,000	$55,000	$36,000	$580,000	9%
La Grange	68	Balanced/Moderate	12/9/2021	$23,000	$38,000	$100,000	$125,000	30%

32. During the Relevant Period, Moloney and Barnes recommended L Bonds to two retail customers for whom they did not have a reasonable basis to believe that the L Bonds were in the customers' best interest. These retail customers' risk tolerances, investment objectives, and net worth were a mismatch for high-risk, potentially speculative, illiquid investments such as the L Bonds. Each of the customers had a moderate risk tolerance, was at or near retirement age, and invested a substantial percentage of their net worth in L Bonds based on a recommendation from Barnes. Further, Barnes recommended L Bonds to these two customers in December 2021 resulting in concentrations of 11% and 14% despite Moloney's instruction that registered representatives limit their recommendations to purchase L Bonds to 10% of a customer's net worth during December 2021. Information about these two recommendations is summarized below:

Registered Representative	Customer Age	Investment Objective / Risk Tolerance	Date of Sale	Current L Bond Purchase	Total L Bond Holdings	Annual Income	Approximate Net Worth (excluding home)	Concentration in L Bonds
Barnes	63	Balanced/Moderate	12/6/2021	$81,000	$81,000	$100,000	$760,000	11%
Barnes	81	Balanced/Moderate	12/23/2021	$59,000	$144,000	$60,000	$1,040,000	14%

33. In addition, Moloney, through Registered Representative A, recommended L

Bonds to at least four additional retail customers for whom they did not have a reasonable basis to believe that the L Bonds were in the customers' best interest. These retail customers' risk tolerances, investment objectives, and net worth were a mismatch for high-risk, potentially speculative, illiquid investments such as the L Bonds. Each of the customers had a growth objective and moderate risk tolerance, was at or near retirement age, and invested a substantial percentage of their net worth in L Bonds based on a recommendation from Moloney and Registered Representative A. Information about these four recommendations is summarized below:

Registered Representative	Customer Age	Investment Objective / Risk Tolerance	Date of Sale	Current L Bond Purchase	Total L Bond Holdings	Annual Income	Approximate Net Worth (excluding home)	Concentration in L Bonds
A	61	Growth/Moderate	9/1/2020	$40,000	$150,000	< $70,000	$450,000	33%
A	75	Growth/Moderate	10/1/2020	$49,000	$49,000	< $70,000	$170,000	29%
A	60	Growth/Moderate	12/13/2021	$120,000	$120,000	$110,000	$1,200,000	10%
A	61	Growth/Moderate	12/13/2021	$25,000	$77,326	$117,000	$800,000	10%

34. As a result, these recommendations were not in the best interest of these customers and, as a result, Moloney, La Grange and Barnes failed to comply with Regulation BI's Care Obligation.

D. Failure to Comply with Regulation BI's Conflict of Interest Obligation

35. Regulation BI's Conflict of Interest Obligation requires broker-dealers to establish, maintain, and enforce written policies and procedures reasonably designed to identify conflicts of interest associated with recommendations and to disclose, mitigate or eliminate such conflicts of interest, depending on the nature of the specific conflict.

36. During the Relevant Period, Moloney failed to establish written policies and procedures reasonably designed to identify conflicts of interest associated with recommendations and to disclose, mitigate or eliminate such conflicts of interest. Although Moloney's written policies and procedures provided for the creation of a Conflicts of Interest Committee to review "the firm's conflicts of interest as well as the firm's policies and procedures to disclose, mitigate and avoid, if applicable, RR and firm conflicts of interest," the written policies and procedures did not provide guidance or procedures for how the firm was to go about identifying, reviewing, or addressing conflicts of interest, or how to eliminate, mitigate or disclose those conflicts of interest once they were identified.

37. As Chief Executive Officer and Chairman of the Board, Hancock was a member of Moloney's Conflicts of Interest Committee. Despite these roles, and, as discussed further below, his knowledge that he and other employees owned GWG securities during the Relevant Period, Hancock did not take steps to cause Moloney to provide further guidance or procedures for identifying, reviewing, or addressing conflicts of interest or eliminating, mitigating, or disclosing conflicts of interest once they were identified.

38. As a result, Moloney failed, and Hancock caused Moloney's failure, to comply with Regulation BI's Conflict of Interest Obligation.

E. Failure to Comply with Regulation BI's Disclosure Obligation

39. Regulation BI's Disclosure Obligation requires brokers, dealers and natural persons who are associated with brokers or dealers, prior to or at the time of the recommendation, to provide retail customers, in writing, full and fair disclosure of, among other things, all material facts relating to conflicts of interest that are associated with the recommendation.

40. Regulation BI defines a conflict of interest as "an interest that might incline a broker, dealer, or a natural person who is an associated person of a broker or dealer – consciously or unconsciously – to make a recommendation that is not disinterested." *See* Exchange Act Rule 15*l*-1(b)(3).

41. During the Relevant Period, Hancock, who oversaw Moloney's sales of L Bonds, personally owned substantial amounts of GWG stock, which was publicly-traded. In addition, several other Moloney registered representatives and employees personally owned GWG stock and L Bonds.

42. Despite disclosures in the June 2020 Prospectus that GWG would use a portion of the L Bond proceeds to repay existing L Bond holders and in the November 2021 Prospectus Supplement that GWG heavily relied on the sales of L Bonds to fund its operations and GWG's viability as a business would be negatively impacted if demand for the L Bonds dissipated, Moloney did not disclose to its retail customers the material conflicts of interest associated with Hancock's significant stake in GWG securities and its other employees' ownership of GWG L Bonds and securities. This ownership created an incentive for these individuals to continue Moloney's sales of L Bonds because the prospectus disclosed GWG would use L Bond proceeds to repay existing L Bond holders and because the value of their securities could have been materially impacted by the sale of GWG L Bonds or the dissipation of demand for the L Bonds.

43. By failing to disclose all material facts concerning these conflicts of interest, Moloney failed, and Hancock caused Moloney's failure, to comply with Regulation BI's Disclosure Obligation.

F. Failure to Comply with Regulation BI's Compliance Obligation

44. Regulation BI's Compliance Obligation requires broker-dealers to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation BI.

45. During the Relevant Period, Moloney failed to establish written policies and procedures reasonably designed to achieve compliance with Regulation BI because the sections of its written policies and procedures that addressed provisions of Regulation BI consisted of general, formulaic recitations of Regulation BI's obligations and were not reasonably tailored to

Moloney's business. Further, Moloney's written policies and procedures did not provide reasonable guidance or procedures for Moloney's representatives or supervisors to follow in satisfying their Regulation BI obligations.

46. For example, Moloney's written policies and procedures related to its Care Obligation stated that its registered representatives "must believe that a Recommendation is in the best interest of a [customer] based on the [customer's] investment profile and the risks, rewards, and costs associated with the Recommendation," but did not provide any guidance or procedures for how to form that reasonable belief or otherwise achieve compliance with the Care Obligation, including any guidance or procedures for how Moloney's registered representatives and supervisors could evaluate reasonably available alternatives when making recommendations to retail customers.

47. Moloney also failed to enforce certain of its written policies and procedures related to L Bonds. Although Moloney's written policies required its registered representatives to document suitability for alternative and complex products, such as L Bonds, the requisite portion of that documentation was in some instances left blank or incomplete.

48. By failing to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation BI, Moloney failed to comply with Regulation BI's Compliance Obligation.

Violations

49. As a result of the conduct described above, Respondents Moloney, Hancock, La Grange, and Barnes failed to satisfy Regulation BI's Care Obligation. *See* Exchange Act Rule 240.15*l*-1(a)(2)(ii). By doing so, Respondents willfully[2] violated Regulation BI's General Obligation, which requires brokers and their associated persons to act in the best interest of retail customers when making a recommendation. *See* Exchange Act Rule 240.15*l*-1(a)(1).

50. As a result of the conduct described above, Moloney failed to satisfy Regulation BI's Conflict of Interest Obligation, *see* Exchange Act Rule 240.15*l*-1(a)(2)(iii), Disclosure Obligation, *see* Exchange Act Rule 240.15*l*-1(a)(2)(i)(B), and Compliance Obligation, *see* Exchange Act Rule 240.15*l*-1(a)(2)(iv). By doing so, Moloney willfully violated Regulation BI's General Obligation.

51. As a result of the conduct described above, Hancock caused Moloney's failures to satisfy Regulation BI's Care Obligation, Conflict of Interest Obligation, and Disclosure Obligation, in violation of Regulation BI's General Obligation.

---

[2] "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

Disgorgement and Pre-Judgment Interest

52. The disgorgement and prejudgment interest ordered in Sections IV.C. through IV.F. below is consistent with equitable principles and does not exceed Respondents' net profits from their violations and will be distributed to harmed investors to the extent feasible. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, and Section 203(f) of the Advisers Act as to Hancock and La Grange, it is hereby ORDERED that:

A. Respondents Moloney, Hancock, La Grange, and Barnes shall cease and desist from committing or causing any violations and any future violations of Rule 15*l*-1(a)(1) of the Exchange Act.

B. Respondents Moloney, Hancock, La Grange, and Barnes are censured.

C. Respondent Moloney shall pay disgorgement of $58,698, prejudgment interest of $8,218, and a civil money penalty of $250,000 consistent with Section IV.H. below. Payment shall be made in the following installments: $63,383.20 within ten (10) days of the entry of this Order; $63,383.20 within ninety (90) days of the entry of this Order; $63,383.20 within one hundred eighty (180) days of the entry of this Order; $63,383.20 within two hundred seventy (270) days of the entry of this Order; and a final payment within three hundred sixty (360) days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Moloney shall contact the staff of the Commission for the amount due. If Respondent Moloney fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

D. Respondent Hancock shall pay disgorgement of $7,331, prejudgment interest of $1,010, and a civil money penalty of $50,000 consistent with Section IV.H. below. Payment shall be made in the following installments: $11,668.20 within ten (10) days of the entry of this Order; $11,668.20 within ninety (90) days of the entry of this Order; $11,668.20 within one hundred eighty (180) days of the entry of this Order; $11,668.20 within two hundred seventy (270) days of the entry of this Order; and a final payment within three hundred sixty (360) days

of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Hancock shall contact the staff of the Commission for the amount due. If Respondent Hancock fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

E. Respondent La Grange shall pay disgorgement of $20,442, prejudgment interest of $2,848, and a civil money penalty of $12,500 consistent with Section IV.H. below. Payment shall be made in the following installments: $7,158 within ten (10) days of the entry of this Order; $7,158 within ninety (90) days of the entry of this Order; $7,158 within one hundred eighty (180) days of the entry of this Order; $7,158 within two hundred seventy (270) days of the entry of this Order; and a final payment within three hundred sixty (360) days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent La Grange shall contact the staff of the Commission for the amount due. If Respondent La Grange fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

F. Respondent Barnes shall, within thirty (30) days of the entry of this Order, pay disgorgement of $12,744, prejudgment interest of $1,754, and a civil money penalty of $12,500 consistent with Section IV.H. below. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717.

G. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest, and penalties referenced in Sections IV.C. through IV.F. above, for distribution to Moloney customers who purchased L Bonds between June 30, 2020 and January 15, 2022 (the "Affected Customers"). Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of their payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

H. According to the payment schedules set forth in Section IV.C through IV.F. above, Respondents shall deposit the amounts of the disgorgement, prejudgment interest, and civil penalty (the "Fair Fund") into an escrow account at a financial institution not unacceptable to the Commission staff and Respondents shall provide the Commission staff with evidence of each such deposit in a form acceptable to the Commission staff. The account holding the assets of the Fair Fund shall bear the name and taxpayer identification number of the Fair Fund. If timely payment into the escrow account is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 [17 C.F.R. § 201.600] and/or 31 U.S.C. § 3717.

I. Respondent Moloney shall be responsible for administering the Fair Fund and may hire a professional at its own cost to assist in the administration of the distribution. The costs and expenses of administering the Fair Fund, including any such professional services, shall be borne by Respondent Moloney and shall not be paid out of the Fair Fund.

J. Respondent Moloney shall distribute from the Fair Fund an amount representing the disgorgement, prejudgment interest, and civil penalty described in Sections IV.C. through IV.F. to Moloney customers who purchased L Bonds between June 30, 2020 and January 15, 2022 for fees and losses suffered as a result of the conduct discussed in this Order and pursuant to a disbursement calculation (the "Calculation") that will be submitted to, reviewed, and approved by the Commission staff in accordance with this Section IV. No portion of the Fair Fund shall be paid to any affected customer accounts in which Respondents, any of their current or former officers or directors, or any other Moloney employees or associated persons, have a financial interest.

K. Respondent Moloney shall, within sixty (60) days from the date of final payment under this Order, submit a calculation to the Commission staff for review and approval. At or around the time of submission of the proposed Calculation to the staff, Respondent Moloney shall make itself available, and shall require any third-parties or professionals retained by Respondent Moloney to assist in formulating the methodology for its Calculation and/or administration of the distribution to be available, for a conference call with the Commission staff to explain the methodology used in preparing the proposed Calculation and its implementation, and/or the administration of the distribution, and to provide the staff with an opportunity to ask questions. Respondent Moloney also shall provide the Commission staff such additional information and supporting documentation as the Commission staff may request for the purpose of its review. In the event of one or more objections by the Commission staff to Respondent Moloney's proposed Calculation or any of its information or supporting documentation, Respondent Moloney shall submit a revised Calculation for the review and approval of the Commission staff or additional information or supporting documentation within ten (10) days of the date the Commission staff notifies Respondent Moloney of the objection. The revised Calculation shall be subject to all of the provisions of this Section IV.

L. Respondent Moloney shall, within thirty (30) days of the written approval of the Calculation by the Commission staff, submit a payment file (the "Payment File") for review and acceptance by the Commission staff demonstrating the application of the methodology to each Affected Customer. The Payment File should identify, at a minimum, (1) the name of each

Affected Customer; (2) the net amount of the payment to be made, less any tax withholding; and (3) the amount of reasonable interest paid, if any. Respondent Moloney shall exclude from the payee file all payments to payees that appear on the U.S. Treasury Department Specially Designated Nationals List.

M. Respondent Moloney shall disburse all amounts payable to Affected Customers within one hundred eighty (180) days of the date the Commission staff accepts the Payment File, unless such time period is extended as provided in Paragraph Q. of this Section IV. Respondent Moloney shall notify the Commission staff of the date(s) and the amounts paid in the initial distribution.

N. If Respondent Moloney is unable to distribute or return any portion of the Fair Fund for any reason, including an inability to locate an Affected Customer or a beneficial owner of an Affected Customer or any other factors beyond Respondent Moloney's control, Respondent Moloney shall transfer any such undistributed funds to the Commission for transmittal to the United States Treasury in accordance with Section 21F(g)(3) of the Exchange Act once the distribution of funds is complete and before the final accounting provided for in Paragraph P. of this Section IV. is submitted to the Commission staff.

Payment must be made in one of the following ways:

(1) Respondent Moloney may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent Moloney may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent Moloney may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the payor as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Anne C. McKinley, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson Blvd., Suite 1450, Chicago, IL 60604.

O. A Fair Fund is a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code ("IRC"), 26 U.S.C. §§ 1.468B.1-1.468B.5. Respondent Moloney agrees to be responsible for all tax compliance responsibilities associated with the Fair Fund's status as

a QSF. These responsibilities involve reporting and paying requirements of the Fair Fund, including but not limited to: (1) tax returns for the Fair Fund; (2) information return reporting regarding the payments to customers, as required by applicable codes and regulations; and (3) obligations resulting from compliance with the Foreign Account Tax Compliance Act (FATCA). Respondent Moloney may retain any professional services necessary. The costs and expenses of tax compliance, including any such professional services, shall be borne by Respondent Moloney and shall not be paid out of the Fair Fund.

P. Within one hundred fifty (150) days after Respondent Moloney completes the disbursement of all amounts payable to Affected Customers, Respondent Moloney shall return all undisbursed funds to the Commission pursuant to the instructions set forth in this Section IV.N. Respondent Moloney shall then submit to the Commission staff a final accounting and certification of the disposition of the Fair Fund for Commission approval, which final accounting and certification shall include, but not be limited to: (1) the amount paid to each payee, with the reasonable interest amount, if any, reported separately; (2) the date of each payment; (3) the check number or other identifier of the money transferred; (4) the amount of any returned payment and the date received; (5) a description of the efforts to locate a prospective payee whose payment was returned or to whom payment was not made for any reason; (6) the total amount, if any, to be forwarded to the Commission for transfer to the United States Treasury; and (7) an affirmation that Respondent Moloney has made payments from the Fair Fund to affected customers in accordance with the Calculation approved by the Commission staff. The final accounting and certification shall be submitted under a cover letter that identifies Respondent Moloney and the file number of these proceedings to Anne C. McKinley, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson Blvd., Suite 1450, Chicago, IL 60604. Respondent Moloney shall provide any and all supporting documentation for the accounting and certification to the Commission staff upon its request and shall cooperate with any additional requests by the Commission staff in connection with the accounting and certification.

Q. The Commission staff may extend any of the procedural dates set forth in this Section IV. for good cause shown. Deadlines for dates relating to the Fair Fund shall be counted in calendar days, except if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondents Hancock, La Grange, and Barnes, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Hancock, La Grange, and Barnes under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents Hancock, La Grange, and Barnes of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary