

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934
Release No. 61741 / March 19, 2010

Investment Advisers Act of 1940
Release No. 3006 / March 19, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13825

In the Matter of

WILLIAM H. LOFTHUS,

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
AND NOTICE OF HEARING

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 William H. Lofthus (“Lofthus” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Lofthus is 55 years old and is currently incarcerated in a state prison in Vandalia, Illinois. From 1993 to February 2006, Respondent was a registered representative associated with a broker-dealer registered with the Commission. From June 2003 to February 2006, Respondent was an investment advisory representative associated with an investment adviser registered with the Commission.

B. CRIMINAL CONVICTION

1. On January 27, 2009, in *State of Illinois v. William H. Lofthus*, File No. 06-CF-2419 (August 24, 2006), Lofthus pled guilty in the Circuit Court of DuPage County, Illinois (“Circuit Court”) to one count of a criminal indictment for theft of assets having a total value exceeding \$100,000 and not exceeding \$500,000 from a broker-dealer customer. On June 25, 2009, the Circuit Court sentenced Lofthus to six years in prison.

2. The count of the criminal indictment to which Respondent pled guilty alleged that, beginning in 2000 and continuing to September 2005, Respondent obtained money and property by means of materially false and misleading statements from an elderly customer who was physically and mentally impaired and misappropriated the customer’s money for his own personal use.

3. During the period beginning in 2000 and continuing to September 2005, Respondent was associated with a broker-dealer registered with the Commission. Further, during part of this, Respondent was associated with an investment adviser registered with the Commission.

C. ACTION BY STATE OF ILLINOIS

1. Additionally, on August 28, 2006, the Securities Department of the Illinois Secretary of State issued an Order of Prohibition against Lofthus in the matter entitled *In the Matter of William H. Lofthus*, Illinois Department of Securities, File No. 0600143. The Order of Prohibition is final and bars Lofthus from offering or selling securities in or from the State of Illinois.

2. The Order of Prohibition contained findings that, among other things, beginning in 2002 and continuing to February 2006, Respondent, as a securities salesperson and investment adviser registered with the State of Illinois, solicited funds from one or more customers for investment in promissory notes, but converted the funds for his own use and benefit.

3. During the period beginning in 2002 and continuing to February 2006, Respondent was associated with a broker-dealer registered with the Commission. Further, during a part of this period, Respondent was associated with an investment adviser registered with the Commission.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations.

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary