

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72256 / May 27, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15887

In the Matter of

BLAYNE S. DAVIS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
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”) against Blayne S. Davis (“Davis” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From 2005 through at least October 2006, Davis acted as a broker with respect to the offer and sale of securities. Although Davis was a registered representative associated with two registered broker-dealers from January 2001 to October 2002, Davis was not registered as a broker-dealer or associated with a registered broker-dealer during the relevant time. Davis, 32 years old, was a resident of Orlando and Naples, Florida and is currently in custody in the Middle District of Florida.

B. RESPONDENT’S CRIMINAL CONVICTION

2. On March 9, 2011, a federal jury in the Middle District of Florida convicted Davis of three counts of wire fraud in violation of 18 U.S.C. §§ 1343 and 2. U.S. v. Blayne Davis, Case No. 6:10-CR-190-ORL-22GJK (M.D. Fla. Jun. 22, 2010). On November 1, 2011, Davis was sentenced to three years in prison and three years of supervised release, and was ordered to make restitution totaling \$41,865. Davis has since been serving his prison sentence in Bastrop, Texas.

3. As detailed in the indictment and trial transcript, from 2005 through at least October 2006, Davis solicited 15 investors into a purported investment program that raised over \$300,000 by telling them that their money would be invested in the foreign currency exchange, stocks, and hedge funds. Davis represented to investors that the investments were safe, risk-free, and guaranteed. He promised investors that they would earn returns on their investments ranging between 15% and 40% over 45-day intervals. Davis also told investors he himself was an investor in the program. He paid dividends to some investors to make them believe that their investments were making money. Davis provided investors with documents after they invested that reflected rates of return of over 20% on a monthly basis, and he told some investors that their investments were generating the promised returns. Davis, through an associate, directed at least two investors to transfer their money to a bank account in his own name, where Davis pooled investor funds for purported investment. Davis misappropriated the investors' funds to pay for his gambling, travel, personal mortgage payments, and personal expenditures.

4. Through the conduct in paragraph 3, Davis acted as an unregistered broker-dealer by selling securities in the form of investment contracts. He regularly and routinely engaged in securities transactions by, among other conduct, soliciting at least fifteen investors for his investment program. Moreover, Davis used investor funds for personal expenditures.

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 hereof are true and, in connection therewith, to afford Respondent Davis an opportunity to establish any defenses to such allegations; and

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

Jill M. Peterson
Assistant Secretary