

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 89848 / September 11, 2020

INVESTMENT ADVISERS ACT OF 1940
Release No. 5579 / September 11, 2020

INVESTMENT COMPANY ACT OF 1940
Release No. 34007 / September 11, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19991

In the Matter of

WILLIAM D. KING, CPA

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, SECTIONS 203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND SECTION 9(b) OF THE INVESTMENT
COMPANY ACT OF 1940, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

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”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against William D. King (“Respondent”).

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, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-And-Desist Proceedings, Making

Findings, and Imposing Remedial Sanctions, and a Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

Summary

These proceedings arise out of Respondent’s efforts to solicit and provide investment advice to clients regarding a penny stock offering between August 2015 and September 2018. As part of those efforts, Respondent did not disclose compensation he received from the penny stock issuer and the mark up he charged clients related to the investments in question. As a fiduciary, Respondent’s failures to disclose constituted a fraudulent omission upon his clients. Moreover, in connection with these activities, Respondent operated as an unregistered broker.

Respondent

1. Respondent provided accounting and business advisory services to clients in multiple states. From February 2015 until December 2017, Respondent was an investment adviser representative with an investment adviser registered with the Commission. Respondent, 60 years old, is a resident of Gainesville, Florida.

Other Relevant Entities

2. American Rebel Holdings, Inc. (“AREB”), organized in Nevada in December 2014, is a penny stock listed on the OTC Markets under ticker symbol AREB. AREB (CIK No. 0001648087) has securities registered with the Commission under Section 12(g) of the Exchange Act and has its principal business address in Nashville, Tennessee.

3. ABA Rebels, LLC (“ABA Rebels”), organized in Florida in 2015, was created for purposes of facilitating Respondent’s clients’ investments in AREB. Respondent was 100% owner of ABA Rebels.

Background

4. From August 2015 through September 2018, Respondent solicited investors to make various investments in the securities of AREB and provided related investment advice to those investors regarding those investments for compensation. Through his efforts, Respondent raised approximately \$3.1 million from advisory clients for purposes of investing in AREB.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. For the solicitation efforts on behalf of AREB, Respondent received 144,500 shares of AREB from AREB as a commission on September 20, 2017. The shares were worth \$72,250.00 at the time they were received. Respondent did not disclose to investors that he was earning commissions on their investments.

6. On February 9, 2016, Respondent solicited investors to invest in AREB at \$.50 per share by sending money to ABA Rebels. After raising approximately \$600,000 from investors between February 11, 2016 and May 26, 2016, Respondent used the clients' money to acquire a portion of the AREB shares at \$.15 per share without disclosing the acquisition price to the clients. In total, Respondent, through this mark-up, received \$196,875.00, which Respondent received in the form of AREB shares.

7. In July 2016, Respondent received an additional \$50,000 from clients to purchase shares of AREB. Respondent used the excess shares he had acquired at \$.15 per share to fulfill these clients' purchases without disclosing his role as a principal to the transaction or the \$.35 per share mark-up.

8. Between September 2016 and December 2017, Respondent solicited clients to purchase convertible notes in AREB that matured in either six months or one year, carried 12% annual interest, and had a conversion feature allowing them to be converted to shares of AREB at \$.50 per share. Respondent did not disclose to clients that he would retain the interest in the form of AREB shares worth approximately \$250,509.00.

9. In connection with his solicitations, Respondent analyzed clients' circumstances to make recommendations based on their individual perceived needs, including investments in securities issued by AREB.

10. In connection with his solicitations, Respondent also brokered the investments through ABA Rebels, negotiated investment terms on behalf of clients, earned commissions, and held client assets and securities.

11. As a result of the conduct described above, Respondent willfully² violated Section 15(a) of the Exchange Act, which prohibits soliciting the purchase of securities through interstate means as a broker without registering with the Commission; Section 206(2) of the Advisers Act, which prohibits fraudulent or deceitful conduct by an investment adviser; and Section 206(3) of the Advisers Act, which, in pertinent part, prohibits an investment adviser from engaging in a transaction with a client while acting as a principal for its own account without disclosing in

² "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company 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). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

writing to the client, before the completion of the transaction, the adviser's role in the transaction, and obtaining the client's consent.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act and Sections 206(2) and 206(3) of the Advisers Act.

B. Respondent 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;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

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;

with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. 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.

D. Respondent shall pay disgorgement of \$519,634.00, prejudgment interest of \$33,388.13, and a civil penalty of \$75,000.00, to the Securities and Exchange Commission. Payment shall be made in the following installments: \$125,604.53 on September 22, 2020; \$125,604.40 on December 1, 2020; \$125,604.40 on March 1, 2021; \$125,604.40 on June 1, 2021; and \$125,604.40 on August 31, 2021. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent 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.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent 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 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 William D. King 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 Justin C. Jeffries, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 950 E. Paces Ferry NE, Suite 900, Atlanta, GA 30326.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, prejudgment interest AND penalties referenced in paragraph D above, to be distributed to harmed investors pursuant to a distribution plan approved by the Commission. 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, Respondent agrees that in any Related Investor

Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 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 Respondent 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.

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 Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 Respondent 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