

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75691 / August 13, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4171 / August 13, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31752 / August 13, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16754

In the Matter of

CORY D. WILLIAMS

Respondent

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 15(b) 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 Section 15(b) 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 Cory D. Williams (“Williams” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) that 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, Pursuant to Section 15(b) 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 (“Order”), as set forth below.

III.

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

Summary

This matter concerns the involvement of Cory D. Williams, a former registered representative and investment adviser representative at Signator Investors, Inc. (“Signator”), a dually registered investment adviser and broker-dealer, in a fraudulent offering scheme and investment advisory fraud principally orchestrated by his partner James R. Glover, also a former Signator registered representative and investment adviser representative. While associated with Signator, from approximately May 1998 through May 2012, Glover conducted an offering fraud that defrauded at least 125 Signator advisory clients and brokerage customers of approximately \$13.5 million by soliciting them to invest in Colonial Tidewater Realty Income Partners, LLC (“Colonial Tidewater”), a security not approved for sale by Signator representatives. Glover made materially false and misleading statements regarding the financial health of Colonial Tidewater, the expected returns and risk of investing, and deceived investors by, among other things, creating the false impression that Colonial Tidewater was a Signator-approved investment.

Williams assisted Glover in managing Signator advisory client portfolios, including those clients who invested in Colonial Tidewater. While he lacked sufficient information to know that Glover’s statements to investors were false, Williams did accept undisclosed fees from Colonial Tidewater. As an investment adviser, Williams had a fiduciary duty to disclose material conflicts of interest to his clients and to act in their best interests. Williams breached this duty by accepting quarterly commission payments from Colonial Tidewater that were not disclosed to the Signator advisory clients he serviced. These payments, which came from monies invested by his advisory clients in Colonial Tidewater, disadvantaged Williams’ clients while benefitting Williams. Further, Williams knew that a substantial number of his advisory clients were investing in Colonial Tidewater, but he knew virtually nothing about this unregistered offering, except that it was not an investment sanctioned or approved by Signator. When clients complained to Williams regarding problems with their investments in Colonial Tidewater, he ignored these red flags, continued to act as their investment adviser, and continued to receive payments from Colonial Tidewater. Based on these actions, Williams willfully violated Sections 206(1) and 206(2) of the Advisers Act.

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.

Respondent

1. Cory D. Williams, age 43, is a resident of Monkton, Maryland. He was a registered representative and investment adviser representative in Signator's Towson, Maryland Office of Supervisory Jurisdiction ("Towson OSJ") from April 30, 1998 through March 7, 2013, when his employment was terminated. From April 2013 through September 2013, Williams was a registered representative and investment adviser representative associated with a broker-dealer and investment adviser registered with the Commission. He holds series 6, 7, 63, and 65.

Other Relevant Person and Entities

2. James R. Glover, age 73, is a resident of White Hall, Maryland. He was a registered representative and investment adviser representative in Signator's Towson OSJ from May 1, 1998 through May 11, 2012, when he was permitted to resign. He held series 6, 22, 63, and 65.

3. Signator Investors, Inc., headquartered in Boston, Massachusetts, is a registered broker-dealer and investment adviser.

4. Colonial Tidewater Realty Income Partners, LLC is a Maryland limited liability company which was formed on January 26, 1999. Colonial Tidewater is not registered with the Commission. Glover has been a managing member since April 1, 2004. The company's principal office is located in Conowingo, Maryland. Colonial Tidewater owns and operates residential and commercial properties through its subsidiaries in Maryland, Pennsylvania, and New York.

Background

5. In May 1998, Glover and Williams joined Signator's Towson OSJ. The two had previously worked together at another broker-dealer located in Towson, where Williams had begun his career under Glover's tutelage.

6. Glover and Williams shared most of their clients. Some of these clients were brokerage customers, some were advisory clients, and many had both brokerage and advisory relationships with Glover and Williams. Together, Glover and Williams provided their clients a broad array of financial products in addition to brokerage and investment advisory services, including annuities, and long term care and life insurance.

7. As an investment adviser, Williams understood that he owed his advisory clients a fiduciary duty and was required to disclose compensation he received from sources that would render his advice conflicted.

8. As Williams gained experience and began developing his own clients as well as servicing Glover's clients, Williams gradually received a greater percentage of the income generated from Glover's business. During the applicable time period, Glover and Williams shared much of the income generated from their business relationship 50/50.

9. From approximately January 1999 through May 2012, Glover solicited their Signator brokerage and advisory clients asking that they invest in partnership units issued by Colonial Tidewater, which was not a Signator-approved investment. Ultimately, at least 125 brokerage and advisory clients agreed to invest a total of approximately \$13.5 million. Glover solicited these investments through myriad misrepresentations.

10. While Williams did not solicit advisory clients to invest in Colonial Tidewater, he knew that Glover was selling the investment to many of their shared advisory clients. Williams also knew the Colonial Tidewater investment was not authorized or approved by Signator.

11. Williams provided investment advice to clients and managed client portfolios. For example, Williams participated in client meetings during which Colonial Tidewater was discussed. Williams was present for internal meetings with Glover and their assistant at which they discussed specific client portfolios, including advisory clients' holdings in Colonial Tidewater. Williams communicated with Colonial Tidewater's bookkeeper when clients needed account related information. He also obtained information from Glover in response to client questions regarding Colonial Tidewater.

12. As Glover's partner, Williams was aware that a significant number of his advisory clients had invested millions of dollars in Colonial Tidewater. Yet Williams had very little understanding of the business of Colonial Tidewater, other than knowing that Glover had a relationship with the company and was selling the Colonial Tidewater investment to their clients.

13. Williams provided advisory clients with consolidated reports, also known as Albridge reports, to show clients that their overall financial holdings included positions maintained outside of Signator such as the Colonial Tidewater investment. Williams' name appeared on the top of each page of the Albridge reports provided to clients.

14. Williams had the ability, through software licensed from Albridge Solutions, Inc., to manually add outside investments such as Colonial Tidewater to the reports, and he did so. Through this same manual entry function, at times, Williams also added the purported value of his clients' Colonial Tidewater investment to Albridge reports which were then emailed, mailed or otherwise given to advisory clients.

15. Beginning in approximately 2005, Williams began receiving quarterly payments from Colonial Tidewater. The payments were in the form of checks written from Colonial Tidewater's bank account, the same account into which investor monies were deposited. The checks averaged approximately three percent of new monies invested through Glover in Colonial Tidewater each quarter. Williams received these payments through 2011.

16. For every check that Williams received from Colonial Tidewater, he then paid half of the monies to Glover. As a result of this arrangement, Williams received a 1.5 percent commission on all new investor monies brought into Colonial Tidewater by Glover each quarter.

In total, Williams received \$188,382 from Colonial Tidewater from 2005 through 2011. Williams paid half this sum to Glover, and kept the remaining \$94,191 for himself.

17. Williams never disclosed his receipt of these payments to his advisory clients or Signator. Williams had a material conflict of interest in acting as an investment adviser for clients who held investments in Colonial Tidewater while receiving this undisclosed compensation from Colonial Tidewater.

18. At least as early as mid-2011, Williams became aware of red flags with respect to Colonial Tidewater when clients complained about their inability to obtain repayment of their investments and the failure to receive account statements. Williams never brought these concerns to the attention of anyone at Signator and never did any investigation into potential problems with Colonial Tidewater. However, Williams continued to service clients in connection with their Colonial Tidewater investments and continued to receive payments from Colonial Tidewater for new investments by his advisory clients.

19. On May 11, 2012, after Glover's fraud came to light, Glover retired and Williams then assumed sole responsibility for all of their formerly joint advisory clients. On March 7, 2013, Signator terminated Williams' employment.

Violations

20. As a result of the conduct described above, Williams willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit an investment adviser from employing any device, scheme, or artifice to defraud any client or prospective client, and from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

IV.

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

Accordingly, pursuant to Sections 15(b) 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 Williams cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

B. Respondent Williams 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.

C. Any reapplication for association by Respondent Williams 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, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) 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 Williams shall, within 10 days of the entry of this Order, pay disgorgement of \$94,191, prejudgment interest of \$9,854, and a civil money penalty in the amount of \$94,191 to the Securities and Exchange Commission. If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of the civil money penalty is not made, additional interest shall accrue pursuant 31 U.S.C. § 3717. 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 Williams as the 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 G. Jeffrey Boujoukos, Associate Regional Director, Philadelphia Regional Office, Securities and Exchange Commission, 1617 JFK Boulevard, Suite 520, Philadelphia, PA 19103.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and civil money penalty referenced in paragraph D above. The disgorgement, interest and civil money penalty referenced in paragraph D above shall be distributed through a Fair Fund established in a related administrative proceeding arising out of the same underlying facts. 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.

Brent J. Fields
Secretary