

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65837 / November 28, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3323 / November 28, 2011

INVESTMENT COMPANY ACT OF 1940
Release No. 29873 / November 28, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14643

In the Matter of OMNI Investment Advisors Inc. and Gary R. Beynon, Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 15(b)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(e), 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 203(e) 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 OMNI Investment Advisors, Inc. ("OMNI") and Sections 203(f) and 203(k) of the Advisers Act, Section 9(b) of the Investment Company Act, and Section 15(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act") against Gary R. Beynon ("Beynon") (OMNI and Beynon referred to collectively as "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the "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, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, Sections 203(e), 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 Respondents' Offers, the Commission finds¹ that:

Summary

These proceedings arise out of OMNI's complete failure to adopt and implement a compliance program between September 2008 and August 2011. OMNI, a registered investment adviser based in Utah, failed to adopt and implement written compliance policies and procedures, as required by Section 206(4) of

the Advisers Act and Rule 206(4)-7 thereunder. For most of that period, OMNI had no compliance program or Chief Compliance Officer ("CCO"), and OMNI's advisory representatives were completely unsupervised. In November 2010, Beynon, the sole owner and Chief Executive Officer ("CEO") of the firm, assumed the CCO responsibilities, but he was living in Brazil on a religious mission. As a result, he failed to perform virtually any compliance responsibilities after being named CCO. Similarly, OMNI failed to establish, maintain and enforce a written code of ethics, as required under Section 204A of the Advisers Act and Rule 204A-1 thereunder. Finally, OMNI failed to maintain and preserve certain books and records, as required under Section 204(a) of the Advisers Act and Rule 204-2(a)(10) thereunder. In particular, in response to a subpoena, OMNI produced client advisory agreements with Beynon's signature evidencing his supervisory approval when, in fact, Beynon had never reviewed the agreements. Beynon signed those agreements with incorrect dates one day before the documents were produced to the Commission.

Respondents

1. OMNI Investment Advisors, Inc. ("OMNI"), located in Draper, Utah, was incorporated in Utah on April 16, 1985 and registered with the Commission as an investment adviser on November 15, 1990. Beynon is currently the sole owner. According to its most recent Form ADV filed March 31, 2011, OMNI provided customized discretionary portfolio management services to approximately 190 clients with assets under management of approximately \$65 million.

On August 19, 2011, OMNI filed Form ADV-W to withdraw its registration with the Commission, which became effective immediately, and its clients were transferred to a new investment advisory firm registered with the state of Utah.

2. Gary R. Beynon ("Beynon"), age 56, was at all relevant times the sole owner and CEO of OMNI, and functioned as its CCO from November 2010 to August 2011. Beynon currently holds Series 7, 22, 24, 27, and 63 licenses. In addition, Beynon also held ownership positions and was associated with two broker-dealers registered with the Commission, OMNI Brokerage, Inc. and Orchard Securities, LLC. Beynon left Utah in June 2008 for a three-year religious mission in Brazil. Beynon has a prior disciplinary history relating to his supervisory responsibilities. Beynon currently resides in Salt Lake City, Utah.

Facts

3. Effective October 5, 2004, Rule 206(4)-7, promulgated under Section 206(4) of the Advisers Act, requires that a registered investment adviser: (1) adopt and implement written policies and procedures reasonably designed to prevent violation of the Advisers Act and its rules, (2) review the adequacy of the written policies and procedures and the effectiveness of their implementation on at least an annual basis, and (3) designate a CCO.

4. Effective January 7, 2005, Rule 204A-1, promulgated under Section 204A of the Advisers Act, requires that a registered investment adviser establish, maintain and enforce a written code of ethics that includes: (1) a standard of business conduct reflecting the adviser's and its supervised persons' fiduciary obligations, (2) the requirement that all staff comply with the federal securities laws, (3) requirements that access persons submit for review a securities transaction report on a quarterly basis and a securities holdings report upon hiring and then at least annually thereafter, and submit for pre-approval any purchase of securities in an initial public offering or limited offering, (4) the requirement that supervised persons report any code violations to the CCO, and (5) the requirement that the code and any amendments are provided to supervised persons and the persons provide a written acknowledgement of their receipt.

5. In 2007, the Commission examined OMNI and issued a deficiency letter noting several issues, including OMNI's failure to conduct an adequate annual review of its compliance program. Beynon was the CEO of OMNI at that time and was the firm's majority owner. OMNI's minority owner was the firm's CCO at that time.

6. In June 2008, Beynon left Utah for a three year religious mission in Brazil. While in Brazil, he maintained his position as CEO of the firm, but generally did not perform any supervisory or compliance functions. The minority owner remained CCO of the firm until September 2008 when he sold his interest to Beynon and left the firm, leaving it with two advisory representatives.

7. In November 2010, the Commission began another examination of OMNI and attempted to contact the individual listed as the CCO on the firm's Form ADV. The examiners learned that the CCO had left the firm after he sold his ownership interest in OMNI to Beynon in September 2008.

8. When the exam began, the Commission was provided with a Compliance Manual dated November 3, 2010, which was one day after OMNI responded to the examiners' request to initiate an examination. OMNI was unable to provide the Commission with any compliance manual adopted and implemented prior to November 3, 2010. Additionally, OMNI was unable to provide any policies and procedures that would have been in effect prior to November 3, 2010. The November 3, 2010 Compliance Manual appeared to be an off-the-shelf compliance manual that included language from both broker-dealer and investment adviser regulations, and was not specifically tailored to OMNI's business.

9. The exam revealed that OMNI had no compliance program in place between September 2008 and November 2010, and OMNI's advisory representatives were completely unsupervised during that period of time. Moreover, no person was functioning as OMNI's CCO between September 2008 and November 2010. Finally, OMNI never conducted an annual review of its written compliance policies and procedures during this time period.

10. The November 3, 2010 Compliance Manual named Beynon as the firm's CCO and assigned all supervisory responsibilities to Beynon, who was still located in Brazil. Despite explicitly taking on these responsibilities in the context of the November 2010 SEC exam, Beynon failed to perform any supervisory or compliance activities between November 2010 and August 2011, other than requiring (in his role as CCO) that the two advisory representatives associated with the firm acknowledge receipt of the latest version of the Compliance Manual. As a result, no person at OMNI ensured that the provisions of the Compliance Manual relating to supervision were implemented.

11. In May 2011, the Commission issued a subpoena to OMNI for documents relating to Beynon's work as CCO from November 2010 through May 2011. Among other documents produced in response, OMNI provided numerous new client advisory agreements which contained Beynon's signature and indicated that his signature had been affixed on various dates between November 2010 and May 2011. The Compliance Manual required Beynon, as the supervisor, to approve these new agreements and his signature was required to document that approval.

12. The Commission later discovered that Beynon had backdated his signature on the new client advisory agreements after they had been subpoenaed by the Commission as part of an investigation. Even though each agreement generally showed Beynon's signature date as occurring a few days after the advisory representative's signature, Beynon had actually signed all of the agreements one day before the documents were produced to the staff in response to the May 2011 subpoena. Beynon did not review the agreements before signing each contract, and instead simply signed a collection of signature pages for all of the agreements.

13. OMNI also failed to enforce its code of ethics because the CCO never performed numerous functions, including reviewing access persons' financial reports, assessing whether access persons are following required internal procedures, and evaluating transactions to identify any prohibited practices.

14. Between September 2008 and August 2011, Beynon earned approximately \$12,800 from his ownership of OMNI. Beynon wanted to keep OMNI in business while he was in Brazil so he could return to the firm when his three year religious mission ended.

15. As a result of the conduct described above, OMNI willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which requires that a registered investment adviser: (1) implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its

rules, (2) review at least annually its written policies and procedures and the effectiveness of their implementation, and (3) designate a Chief Compliance Officer responsible for administering the policies and procedures. As the CEO and CCO of OMNI, Beynon willfully aided and abetted and caused the firm's violations.

16. As a result of the conduct described above, OMNI willfully violated Section 204A of the Advisers Act and Rule 204A-1, which requires that a registered investment adviser maintain and enforce a written code of ethics that at a minimum includes provisions requiring: (1) access persons to submit for review a securities transaction report on a quarterly basis and a securities holdings report upon hiring and then at least annually thereafter, (2) access persons to submit for pre-approval any purchase of securities in an initial public offering or limited offering, and (3) to provide the code and any amendments to supervised persons and to collect from such persons written acknowledgement of their receipt. As the CEO and CCO of OMNI, Beynon willfully aided and abetted and caused the firm's violations.

17. As a result of the conduct described above, OMNI willfully violated Section 204(a) of the Advisers Act and Rule 204-2(a)(10) thereunder, which require that investment advisers registered with the Commission maintain and preserve certain books and records. Rule 204-2(a)(10) requires that registered investment advisers "make and keep true, accurate and current . . . all written agreements . . . entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such." As the CEO and CCO of OMNI, Beynon willfully aided and abetted and caused the firm's violations.

Undertakings

18. Respondent OMNI undertakes to:

a. Within thirty (30) days of the entry of the Order, provide a copy of this Order to each of OMNI's advisory clients that existed at any time between September 2008 and August 2011— via mail, electronic mail, or such other method as may be acceptable to the Commission's staff, together with a cover letter in a form not unacceptable to the Commission's staff; and

b. Cause Beynon to certify, in writing, compliance with the undertaking set forth above. The certification shall identify the undertaking, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent (through Beynon) agrees to provide such evidence. The certification and supporting material shall be submitted to James Scoggins, Assistant Regional Director, Denver Regional Office, Securities and Exchange Commission, 1801 California Street, Suite 1500, Denver, CO 80202 with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

19. In determining whether to accept the Offer, the Commission has considered these undertakings.

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 203(e) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act against OMNI, and Sections 203(f) and 203(k) of the Advisers Act, Section 9(b) of the Investment Company Act, and Section 15(b)(6) of the Exchange Act against Beynon, it is hereby ORDERED that:

A. Respondents OMNI and Beynon cease and desist from committing or causing any violations and any future violations of Sections 204(a), 204A, 206(4) of the Advisers Act and Rules 204-2(a)(10), 204A-1, 206(4)-7 promulgated thereunder.

B. Respondents OMNI and Beynon are censured.

C. Respondent Beynon be, and hereby is, barred from association in a compliance capacity and a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and is 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. Any reapplication for association by Beynon 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 Beynon shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Beynon as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Julie K. Lutz, Associate Regional Director, Denver Regional Office, Securities and Exchange Commission, 1801 California Street, Suite 1500, Denver, CO 80202.

By the Commission.

Elizabeth M. Murphy
Secretary

Footnote

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.