

STATE OF SOUTH DAKOTA
DEPARTMENT OF LABOR AND REGULATION
DIVISION OF SECURITIES

IN THE MATTER OF:)
)
MIKE LUNDY,) CONSENT ORDER
a/k/a BARKLEY J.W. LUNDY, CRD# 2260127)
)

TO: Barkley Lundy
2702 Wildhorse Dr.
Rapid City, SD 57703

JURISDICTION

1. That Mike Lundy a/k/a Barkley J.W. Lundy ("Mr. Lundy") has a last known address of 2702 Wildhorse Dr., Rapid City, SD 57703.
2. That Mr. Lundy was a registered representative in South Dakota with PFS Investments, Inc. from September 28, 1992 until August 19, 2014.
3. That PFS Investments, Inc. terminated Mr. Lundy on August 14, 2014 because the firm obtained information indicating that Mr. Lundy may have mishandled customer funds.

HISTORY OF THE CASE

4. That starting in the early 2000s and continuing until 2014, Mr. Lundy encouraged some of his clients to invest in a company called Associates Investments, a/k/a Associates. Mr. Lundy falsely told or misled some investors into believing that Associates Investments was affiliated with Primerica and offered municipal bonds or other types of tax exempt securities. Mr. Lundy provided investors with documents allegedly showing that their money was invested in municipal bonds and fully repaid with monthly dividends.
5. That Associates Investments was actually owned, operated and controlled by Mr. Lundy, was not affiliated with Primerica Investments, Inc. and was not involved in investments.
6. That Mr. Lundy never invested any of the money provided by investors for investments in Associates Investments. After soliciting funds from investors, Mr. Lundy deposited the checks into a bank account that he controlled under the name Lundy & Associates. Some investors received monthly payments from Mr. Lundy while other investors did not as Mr. Lundy had indicated that he could reinvest their dividends monthly. The payments to investors were funded with incoming money that Mr. Lundy obtained from new investors.

7. In furtherance of his scheme, Mr. Lundy persuaded some investors to withdraw money from their legitimate Primerica Investments accounts and invest the money into Associates Investments. Mr. Lundy also created and sent false account statements to investors which contained false and misleading information about their investments.
8. That Mr. Lundy failed to inform investors that he controlled Associates Investments and that he was using some of the invested money for his personal expenses.
9. That Mr. Lundy provided at least one of his Primerica Investments' clients with a fabricated tax document that he falsely represented was created and provided by Primerica Investments.
10. That in his office, Mr. Lundy retained a list of the customers who had invested in Associates Investments as well as a payment schedule for those customers. The list and the payment schedule were not known or authorized by Primerica Investments.
11. That Mr. Lundy received more than \$4.2 million from approximately 82 investors, of which \$1.485 million remains outstanding to 54 investors.
12. That on September 22, 2014, Mr. Lundy signed a letter of Acceptance, Waiver and Consent with the Financial Industry Regulation Authority ("FINRA") in which he consented to being barred from associating with any FINRA member firm in any capacity.
13. That on February 8, 2017, Mr. Lundy entered into a Plea Agreement with the United States Attorney for the District of South Dakota. Mr. Lundy pled guilty to a count of Wire Fraud and Making and Subscribing a False Tax Return. As part of his plea agreement, Mr. Lundy agreed to pay restitution to investors in the amount of \$1.485 million or more.

LAW

14. That FINRA Conduct Rule 2010 states that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."
15. That ARSD 20:08:03:06(3)(e) states that any agent who fails to comply with any applicable provision of the Conduct Rules and any other Rules of Fair Practice of FINRA shall be deemed to be have engaged in dishonest or unethical practices as used in SDCL 47-31B-412(d)(13) and such conduct may constitute grounds for denial, suspension, or revocation of registration or such other action authorized by statute.
16. That pursuant to SDCL 47-31B-501, it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly:
 - (1) To employ a device, scheme, or artifice to defraud;
 - (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
 - (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

17. That ARSD 20:08:03:06(2) states that any agent who engages in forgery, embezzlement, nondisclosure, incomplete disclosure or misstatement of material facts, or manipulative or deceptive practices shall be deemed to have engaged in dishonest or unethical practices as used in SDCL 47-31B-412(d)(13) and such conduct may constitute grounds for denial, suspension, or revocation of registration or such other action authorized by statute.
18. That Mr. Lundy's actions of fraudulently persuading individuals to invest in Associates Investments and fraudulently using the money provided by investors to Associates Investments were a violation of FINRA Rule 2010, SDCL 47-31B-501, ARSD 20:08:03:06(3)(e) and ARSD 20:08:03:06(2).
19. That pursuant to SDCL 47-31B-412(d)(13), if an individual has engaged in dishonest or unethical practices in the securities business, the director of the Securities Division may impose a bar or impose a civil penalty against that individual.
20. That on February 8, 2017, Mr. Lundy entered into a Plea Agreement with the United States Attorney for the District of South Dakota. Mr. Lundy pled guilty to a count of Wire Fraud and Making and Subscribing a False Tax Return, both of which are felonies. As part of his plea agreement, Mr. Lundy agreed to pay restitution to investors in the amount of \$1.485 million or more.
21. That pursuant to SDCL 47-31B-412(d)(3), if a person has been convicted of a felony or in the previous ten years has been convicted of a misdemeanor involving a security, a commodity future or option contract, or an aspect of a business involving securities, commodities, investments, franchises, insurance, banking, or finance, the director of the Securities Division may impose a bar or impose a civil penalty against that individual.

NOW THEREFORE, in order to resolve this matter, Mr. Lundy agrees to the following conditions:

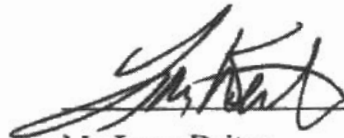
CONDITIONS

22. That the Division hereby bars Mr. Lundy from acting as a Registered Representative in the State of South Dakota or from associating with any FINRA member in any capacity in the State of South Dakota. Mr. Lundy agrees to refrain from registering as a Registered Representative in the State of South Dakota.
23. That the Division hereby bars Mr. Lundy from offering or selling securities in or from the State of South Dakota.
24. That the Division hereby bars Mr. Lundy from providing investment advice in or from the State of South Dakota.

ORDER

25. That, should Mr. Lundy agree to the above terms, he must sign, date, and return this Consent Order within fifteen (15) days after receipt of this Order. If he agrees to this Consent Order, the Division will take no further action on this matter.
26. That this Order is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of SDCL 47-31B.

Dated this 29th day of March, 2017.



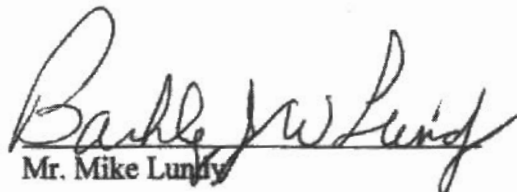
Mr. Larry Deiter
Director
Division of Securities
124 S. Euclid Ave., Suite 104
Pierre, SD 57501

Mr. Lundy states that he has voluntarily entered into this Order and that no promise of any kind or nature was made to him to induce him into this Order except those stated above.

Mr. Lundy admits the jurisdiction of the Division of Securities and consents to the jurisdiction of the Division of Securities for purposes of this Order.

Mr. Lundy hereby acknowledges that he has been served with a copy of this Consent Order has read the forgoing Order, is aware of his right to a hearing and appeal in this matter, and has waived the same.

Dated this 20 day of March, 2017.



Mr. Mike Lundy