

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	SUMMARY SUSPENSION
Claus Christoph Foerster,)	
CRD #1912949)	File No. 14051
)	
Respondent.)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina has been authorized and directed by the Securities Commissioner of South Carolina (the "Securities Commissioner") to administer provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the "Act"); and

WHEREAS, pursuant to S.C. Code Ann. § 35-1-412(f), the Securities Commissioner may summarily suspend a respondent's registration before the final determination of an administrative proceeding;

NOW THEREFORE, upon due consideration of the subject matter contained in a related administrative proceeding under the Act having the same file number, 14051, and having reason to believe that the Respondent violated certain provisions of the Act and the Rules promulgated thereunder;

IT IS HEREBY ORDERED that, pursuant to S.C. Code Ann. § 35-1-412(f), the broker-dealer agent and investment advisor representative registrations of Respondent Claus Christoph Foerster have been and are **SUMMARILY SUSPENDED**. This suspension will remain in effect pending resolution of the related proceeding.

NOTICE AND OPPORTUNITY FOR A HEARING

Pursuant to S.C. Code Ann. § 35-1-412(f), Respondent is hereby given notice that he may request a hearing on the summary suspension by giving written notice to Thresechia Navarro, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549. In the event such a hearing is requested, within fifteen (15) business days after the receipt of a written request the matter will be

scheduled for a hearing. If a hearing is not requested and none is ordered by the Securities Commissioner within 30 days after the date of service of the order, the order becomes final by operation of law and will remain in effect until it is modified or vacated in accordance with the Act.

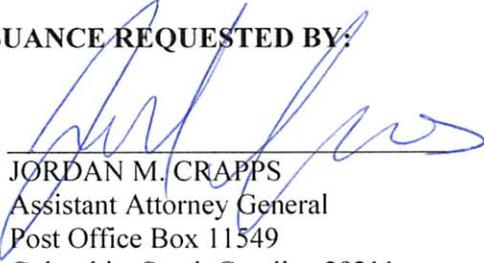
ENTERED, this the 13th day of June, 2014.
Columbia, South Carolina

ALAN WILSON
SECURITIES COMMISSIONER

BY: Tracy A. Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:

By:


JORDAN M. CRAPPS
Assistant Attorney General
Post Office Box 11549
Columbia, South Carolina 29211

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)
)
Claus Christoph Foerster,)
CRD #1912949)
)
_____**Respondent.**)

RULE TO SHOW CAUSE

File No. 14051

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”), has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division alleges the following:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENT

2. Respondent Claus Christoph Foerster is a South Carolina citizen with a last known address of 165 Sloans Grove Road, Spartanburg, South Carolina 29307.
3. Respondent is currently registered as a Broker-Dealer Agent with the Division and has been registered as such since December 7, 1988.
4. Respondent is also currently registered as an Investment Adviser Representative and has been registered as such since September 19, 1997.
5. Respondent, since in or around February, 2013, has been associated with Raymond James & Associates, Inc. (“Raymond James”) at their Greenville, South Carolina branch office located at 112 Haywood Road, Greenville, South Carolina 29607.

III. FACTUAL BACKGROUND

6. On or about June 6, 2014, the Division received information from Raymond James indicating that they had identified potential violations of the Act committed by the Respondent.
7. Upon further investigation, and with the cooperation of Raymond James and the Greenville County Sheriff's Office, the Division has received a written, signed confession made by the Respondent indicating that the Respondent over the past fourteen years has transferred client investment monies to the Respondent's personal gain.
8. The sum and disposition of such transfers, by the Respondent's telling, totals approximately \$3,000,000; \$1,000,000 of which was converted to the Respondent's personal gain, \$1,000,000 of which has been lost in other investments, and \$1,000,000 of which has allegedly been paid back to investors.
9. The Respondent, through the conduct he has admitted to, has effected transactions in securities or investments which were not recorded on the regular books or records of Raymond James or broker-dealers with which the Respondent was previously associated and, upon information and belief, were not approved in writing prior to the time the transactions in said securities or investments were effected.
10. The Respondent, through the conduct he has admitted to, has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years.

IV. APPLICABLE LAW

11. Pursuant to S.C. Code Ann. § 35-1-412(c), if the Securities Commissioner finds that the order is in the public interest and subsection (d)(1) through (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under this chapter may censure, impose a bar, and/or impose a civil penalty in an amount not to exceed \$10,000 for each violation, on a registrant.
12. Pursuant to S.C. Code Ann. § 35-1-412(d)(2), a person may be disciplined under subsection (c) if the person wilfully violated or wilfully failed to comply with this chapter or the predecessor

chapter or rule adopted or order issued under this chapter or the predecessor chapter within the previous ten (10) years.

13. Pursuant to S.C. Code Ann. § 35-1-412(d)(13), a person may be disciplined under subsection (c) if the person has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years.

14. Pursuant to S.C. Code of Regulations R. 13-501(B), the following acts and practices, among many others, are considered contrary to standards of commercial honor and just and equitable principals, and constitute dishonest or unethical practices by Broker-Dealer Agents:

- a. Effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction;
- b. Establishing or maintaining an account containing fictitious information in order to execute transactions which would otherwise be prohibited;
- c. Effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or fraudulent device, practice, plan, program, design or contrivance; and
- d. Violating any rule of the Securities and Exchange Commission, or of a national securities exchange or national securities association or self-regulatory association of which the Respondent is a member.

V. CONCLUSION

15. Based on the foregoing facts and applicable law, the broker-dealer agent and investment adviser representative registrations of the Respondent should be revoked.

NOW THEREFORE, it is hereby **ORDERED**, that Respondent **SHOW CAUSE**, if any there be, why the Securities Commissioner should not enter an Order, pursuant to S.C. Code Ann. § 35-1-412(c), revoking the broker-dealer agent registration and investment adviser representative registration,

imposing a bar on the Respondent, and imposing a civil penalty in an amount not to exceed \$10,000 for each wilful violation of the Act or rule adopted or order issued under the Act within the previous ten (10) years and for each dishonest or unethical practice in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years.

NOTICE AND OPPORTUNITY FOR A HEARING

Respondent is hereby notified that he has thirty (30) days from the date of this Rule to Show Cause to file an answer and, if desired, a request for a hearing on the matters contained herein. Such documents should be filed with Thresechia Navarro, Securities Division, Post Office Box 11549, Columbia, South Carolina 29211. In its written Answer, Respondent shall admit or deny each factual allegation in this Rule to Show Cause, set forth specific facts, laws, and/or affirmative defenses which Respondent relies upon. If Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

In the event an answer and written notice requesting a hearing is not received within the above-stated thirty (30) day period of time, an order revoking the Respondent's broker-dealer agent and investment adviser representative registration will be entered in this proceeding with no further notice.

Respondent is further notified that by seeking the issuance of an order revoking Respondent's broker-dealer agent and investment adviser representative registration and assessing an appropriate fine, the Division is not waiving any rights it may have to pursue additional remedies available to it for violations of the Act committed by Respondent.

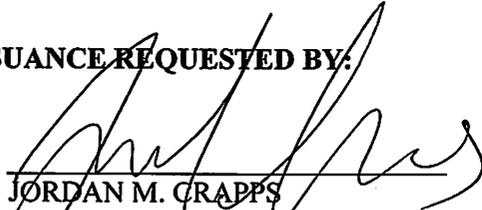
ENTERED, this the 18th day of June, 2014.

ALAN WILSON
SECURITIES COMMISSIONER

BY: 
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:

By:



JORDAN M. CRAPPS
Assistant Attorney General
Post Office Box 11549
Columbia, South Carolina 29211

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 14051

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated June 13, 2014, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

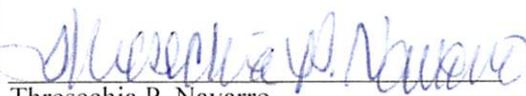
Mr. Claus Christoph Foerster
165 Sloans Grove Road
Spartanburg, SC 29307

Document(s): Rule to Show Cause
Summary Suspension

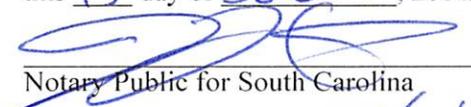
Mailed June 13, 2014 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:


Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 13 day of June, 2014.


Notary Public for South Carolina

My commission expires: 7/2/18