

ADMINISTRATIVE PROCEEDING

BEFORE THE

[REDACTED]

IN THE MATTER OF: )

Claus Christoph Foerster, )  
CRD #1912949 )  
Respondent. )

File No. 14051

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

scheduled for a date being is not requested and may be held by the Securities Commissioner.

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Columbia, South Carolina

ALAN WILSON

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**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

**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

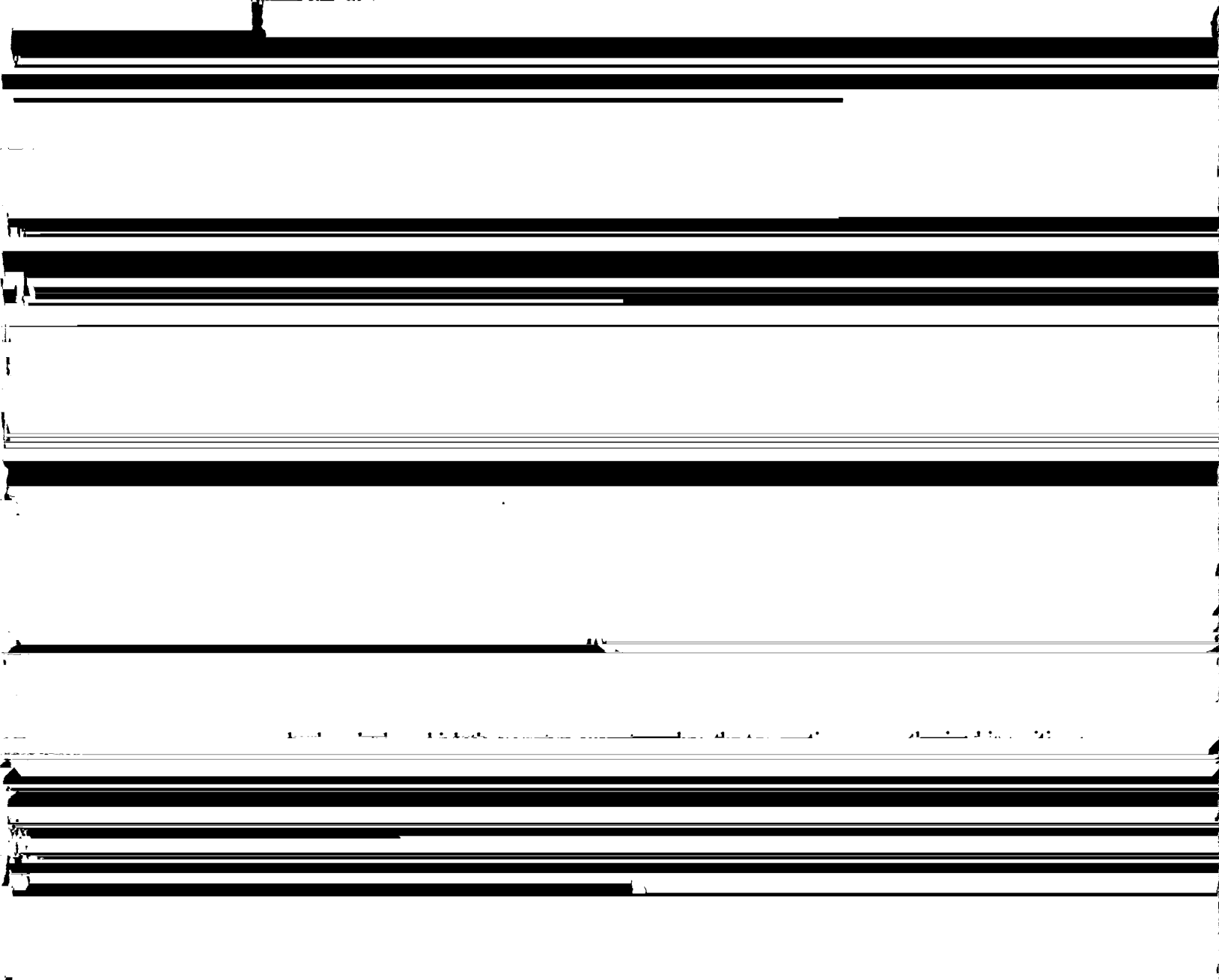
broker-dealers with which the Respondent was previously associated and, upon information and belief, were not approved in writing prior to the time the transactions in said securities or investments were effected.

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:

Effecting securities transactions not recorded on the regular books or records of the



imposing a bar on the Respondent, and (ii) imposing a civil penalty in an amount not to exceed \$10,000 for

violating the Act within 60

years and for each dishonest or unethical practice in the securities business in connection with which

the Respondent is found to have committed a violation of the Act.

On 11/11/2014, the Respondent filed a motion to dismiss the complaint.

The Respondent's motion is based on the following grounds:

1. The Respondent is not a "person" as defined in the Act.

2. The Respondent is not a "dealer" as defined in the Act.

3. The Respondent is not a "broker" as defined in the Act.

4. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

5. The Respondent is not a "beneficial owner" as defined in the Act.

6. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

7. The Respondent is not a "beneficial owner" as defined in the Act.

8. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

9. The Respondent is not a "beneficial owner" as defined in the Act.

10. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

11. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

12. The Respondent is not a "beneficial owner" as defined in the Act.

13. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

14. The Respondent is not a "beneficial owner" as defined in the Act.

15. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

16. The Respondent is not a "beneficial owner" as defined in the Act.

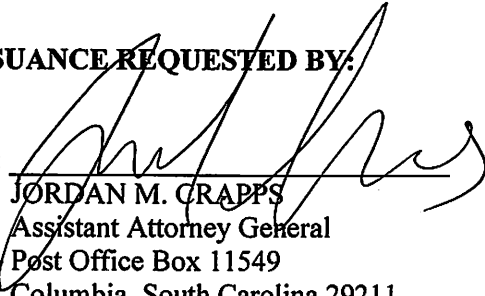
17. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

18. The Respondent is not a "beneficial owner" as defined in the Act.

19. The Respondent is not a "dealer agent" or "investment adviser representative" as defined in the Act.

**ISSUANCE REQUESTED BY:**

By:

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

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STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL

CLERK OF THE SUPREME COURT

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WHY HUNG HUNG A COPY OF THE DOCUMENT INDICATED

below and dated June 13, 2011, by \_\_\_\_\_

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