

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2631 / August 13, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12722

In the Matter of

RHODES ECONOMETRICS,
INC.,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(e) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against Rhodes Econometrics, Inc. (“Rhodes Econometrics” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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 it and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(e) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Rhodes Econometrics is an Oregon corporation formed in 1998 with its principal place of business in Lake Oswego, Oregon. C. Wesley Rhodes, Jr. ("Rhodes") is the sole owner and president of Rhodes Econometrics. Rhodes Econometrics registered with the Commission as an investment adviser on May 5, 1999.

2. On June 21, 2007, a final judgment was entered by consent against Rhodes Econometrics, permanently enjoining it from future violations of Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. C. Wesley Rhodes, Jr., et al., Civil Action Number CV06-01353-MO, in the United States District Court for the District of Oregon.

3. The Commission's complaint alleges that Rhodes, through Rhodes Econometrics and other companies Rhodes controlled, raised millions of dollars from individual investors by representing that he would invest their money in stock or bond funds or portfolios or directly in stocks and bonds. The complaint further alleges that in July 2006, Rhodes sent account statements to the individual investors showing that their balances had an aggregate value of nearly \$40 million as of June 30, 2006. The complaint alleges that, contrary to representations made to investors, Rhodes had not been using the investors' money to invest in stocks and bonds and, instead, was actually misappropriating and misusing the investor funds for other purposes, including the purchase of automobiles and sports memorabilia. The complaint alleges that by the time a receiver was appointed for Rhodes Econometrics and other companies Rhodes controlled in September 2006, Rhodes and his companies had less than \$2 million invested in stocks and bonds as compared to the almost \$40 million that he had claimed was invested as of June 30, 2006, in the statements that he had provided to his investors.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(e) of the Advisers Act, that the registration of Respondent Rhodes Econometrics as an investment adviser be, and hereby is revoked.

By the Commission.

Nancy M. Morris
Secretary