

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2755 / July 16, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13090

In the Matter of

Francis J. Saldutti,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) 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(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Francis J. Saldutti (“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 him 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(f) 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. Saldutti founded Ardent Research Partners, L.P. in 1992 and Ardent Research Partners, Ltd. in 1997 (together, the “Ardent Funds”). From 1992 to April 2003, Saldutti was the managing general partner of Saldutti Capital Management, L.P. (“SCM”), the Ardent Funds’ unregistered investment adviser. In April 2003, Saldutti sold his general partnership interest in SCM to Northshore Asset Management LLC (“Northshore”). At or about the same time as that sale, Saldutti entered into an employment agreement with Northshore, whereby Saldutti became a “Senior Managing Director” at Northshore. As “Senior Managing Director,” Saldutti continued as sole “portfolio manager” of, and investment adviser to, the Ardent Funds. Saldutti is 60 and is a resident of Pound Ridge, New York.

2. On June 27, 2008, a final judgment was entered by consent against Saldutti, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. Northshore Asset Management, et al., Civil Action Number 05 Civ. 2192 (WHP), in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged that, in connection with the sale of securities, Saldutti made knowing or reckless material misrepresentations and omissions to the Ardent Funds and their investors, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on the Ardent Funds and their investors. The Commission specifically alleged that Saldutti made numerous omissions and false statements to the Ardent Funds and their investors related to (1) his sale of SCM to Northshore; (2) his subsequent relationship with Northshore; and (3) his transfer of significant portions of the hedge funds’ cash assets to Northshore control. The Commission also alleged that, in 2004, Saldutti defrauded two new investors in the Ardent Funds by knowingly or recklessly failing to disclose material facts to those investors, including the fact that the CEO of Northshore, Kevin Kelley, had been arrested for investment advisers fraud just weeks before the investors invested a total of \$1 million in the Ardent Funds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Saldutti’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Saldutti be, and hereby is barred from association with any investment adviser;

Any reapplication for association by the Respondent 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Florence E. Harmon
Acting Secretary