

ALS

ADMINISTRATIVE PROCEEDING  
FILE NO. 3-11762

SECURITIES & EXCHANGE COMMISSION  
MAILED FOR SERVICE

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
January 7, 2005

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In the Matter of	:	
	:	ORDER FOLLOWING
SCHIELD MANAGEMENT COMPANY,	:	PREHEARING CONFERENCE
and MARSHALL L. SCHIELD	:	
	:	
	:	

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The Order Instituting Proceedings (“OIP”) was issued on December 1, 2004, pursuant to Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) and Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”). The OIP alleges that the United States District Court for the District of Colorado entered a final judgment on consent that permanently enjoined Respondents from future violations of Section 204 of the Advisers Act and Rule 204 thereunder, and ordered them to pay civil money penalties. SEC v. Schield Management Co., Civ. No. 03-B-1332 (D. Colo. Aug. 26, 2004).

Respondents filed an Answer to the OIP on December 27, 2004, admitting the entry of the permanent injunction but representing that the OIP’s “conclusory characterization” of the allegations in the civil complaint described in Section II.B.2. of the OIP is “neither complete nor in all material respects accurate.” (Answer 1-2.) Respondents assert that paragraphs ten through twenty-eight of the civil complaint do not specifically allege that Marshall Schield ““directed”” employees of Schield Management Company (“SCM”) to ““tamper with logs reflecting losses suffered by clients due to trading errors, and destroy Personal Identification Numbers . . . used in trading.”” (Id. at 2) (quoting Section II.B.2. of the OIP.)

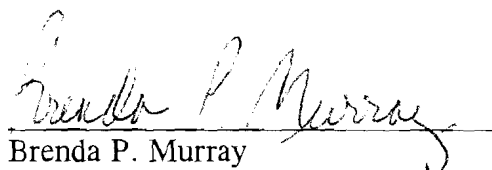
At a January 5, 2005, prehearing conference, the Division of Enforcement (“Division”) stated that it would seek to revoke the investment adviser registration of SCM, and bar Marshall Schield from association with an investment adviser and from association with any broker or dealer. I denied the Division’s request to file a motion for summary disposition, in part, because the investigative file had not been made available to Respondents for inspection and copying pursuant to Rule 230, and because I believe that Respondents want a hearing. 17 C.F.R. § 201.250. At Respondents request, I ordered the Division to make its investigative file documents available to Respondents immediately, and provide Respondents with a list of the documents being withheld from inspection. 17 C.F.R. § 201.230(c).

I also ruled that Respondents would have an opportunity at the hearing to address alleged discrepancies between the OIP and the civil complaint and to introduce evidence that addresses public interest considerations, but that they would not be allowed to deny the factual representations in the complaint that resulted in the consent injunction. See Marshall E. Melton, 80 SEC Docket 2812, 2825 (July 25, 2003); Samuel O. Fortson, 53 S.E.C. 31, 32 (1997); Charles Philip Elliot, 50 S.E.C. 1273, 1277 (1992), aff'd, 36 F.3d 86 (11th Cir. 1994). Respondents indicated that they disagreed with my ruling.

I ordered the following schedule:

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| Feb. 7, 2005:  | Division will give Respondents its list of witnesses and copies of exhibits that Respondents do not have;      |
| Feb. 14, 2005: | Respondents will give Division their list of witnesses and copies of exhibits that the Division does not have; |
| Feb. 14, 2005: | Due date for Prehearing Briefs; and  |
| Feb. 28, 2005: | Hearing in Denver, Colorado, at 9:30 a.m.  |

In order to meet the Securities and Exchange Commission's July 5, 2005, deadline for an Initial Decision, there will be no postponements in the schedule. 17 C.F.R. § 201.360(a)(2).

  
Brenda P. Murray  
Chief Administrative Law Judge