

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2450 / November 29, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12113

In the Matter of

JOSEPH W. DANIEL,

Respondent.

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

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 Joseph W. Daniel (“Daniel”).

II.

In anticipation of the institution of these proceedings, Daniel 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, the subject matter of these proceedings, and as to the entry of the injunction, which are admitted, Daniel consents to the entry of this Order Instituting Administrative Proceedings, Making Findings, and Imposing Remedial Sanctions pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III. FINDINGS

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

1. During the period 1999 through 2002, Daniel was a managing general partner of Critical Investments, LLC, the general partner acting as an investment adviser for the Critical Infrastructure Fund, an unregistered hedge fund.
2. On September 28, 2005, the Commission filed a Complaint in the United States District Court for the Southern District of New York against Daniel captioned SEC v. Joseph W. Daniel.
3. The Commission's Complaint alleges that from about 1999 through 2002, Daniel engaged in improper practices in the management of the hedge fund. The Complaint alleges that Daniel's activities included: (1) making material misrepresentations to investors about the assets, holdings and performance of the hedge fund; (2) failing properly to value holdings of the hedge fund; and (3) allowing certain investors to make withdrawals from the hedge fund at improper valuations to the disadvantage of remaining investors.
4. On October 7, 2005, in SEC v. Daniel, the Court entered an order enjoining Daniel from violating Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 [15 U.S.C. §§ 77q(a)(1)-(3)], Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. § 80b-6(1) and (2)]. Daniel, without admitting or denying the allegations in the Complaint, consented to the entry of the order.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions specified in the Offers.

Accordingly, it is hereby ORDERED:

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

Any reapplication for association by Daniel 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 Daniel, 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.

By the Commission.

Jonathan G. Katz
Secretary