

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940

Release No. 2636 / August 21, 2007

ADMINISTRATIVE PROCEEDING

File No. 3-12731

In the Matter of

JOHN M. FIFE,

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 John M. Fife (“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. Fife was the principal and sole member of Clarion Management, LLC ("Clarion Management"). Clarion Management, LLC was the unregistered investment adviser for Clarion Capital, LP ("Clarion Capital"), a hedge fund formed exclusively for the purpose of market timing through variable annuities. Fife, age 46, is a resident of Chicago, Illinois.

2. On August 9, 2007, a final judgment was entered by consent against Fife, permanently enjoining him from future violations of 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. John M. Fife, et al., No. 07-CV-0347, in the United States District Court for the Northern District of Illinois.

3. The Commission's complaint alleged that in 2002 and 2003 Fife and Clarion Management engaged in a fraudulent scheme to purchase variable annuity contracts issued by the Lincoln National Life Insurance Company ("Lincoln") in order to engage in market timing in international mutual funds for the benefit of Clarion Capital. Fife and Clarion Management's scheme involved using fictitious family trusts actually owned by Clarion Capital to purchase from Lincoln what Clarion Capital otherwise could not have purchased in its own name. By purchasing Lincoln variable annuity contracts through trusts, Fife and Clarion Management concealed from Lincoln that the true owner of the contracts was Clarion Capital. When Fife and Clarion Management's market timing for Clarion Capital in the Lincoln variable annuity contracts became excessive, Lincoln restricted trading in those contracts. Fife and Clarion Management then used deceptive means to purchase more variable annuity contracts for market timing, including using previously unused trusts and trustees with mailing addresses in different parts of Chicago. As part of their fraudulent scheme, Fife and Clarion Management then continued to engage in market timing for the benefit of Clarion Capital in the new variable annuity contracts.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Fife be, and hereby is barred from association with any investment adviser, with the right to reapply for association after 18 months to the appropriate self-regulatory organization, or if there is none, to the Commission;

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.

By the Commission.

Nancy M. Morris
Secretary