

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 52015 / July 12, 2005

INVESTMENT ADVISERS ACT OF 1940
Release No. 2405 / July 12, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-11978

In the Matter of

John Madey,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against John Madey (“Madey” 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 him and the subject matter of these proceedings, and the findings contained in Section III.2 and III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and 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. From May 1999 to December 2000, Madey was a shareholder of Krieger Financial Services, Inc. ("KFSI"), a broker-dealer registered with the Commission from September 1998 until February 2001. During the same May 1999 to December 2000 period, Madey was the Chief Financial Officer for KFSI and for the KFSI Equity Fund, L.P. ("the Fund"), a hedge fund that used KFSI as its executing broker for trading. Madey also was a registered representative associated with KFSI during this time period. KFSI was the Fund's initial general partner and manager. Madey, 32 years old, is a resident of Jupiter, Florida.

2. On June 28, 2005, a final judgment was entered by consent against Madey, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Peter Krieger, Sheldon Krieger, and John Madey, Case Number 05-80312-CIV-Middlebrooks/Johnson, in the United States District Court for the Southern District of Florida.

3. The Commission's complaint in this civil action alleged that Madey and other defendants fraudulently diverted funds from Fund investors to run KFSI and pay their own personal expenses. The complaint also alleged Madey helped generate false statements overstating investors' account values in order to hide the misuse of investor funds and helped defraud investors by promoting fictitious bonds and promissory notes.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Madey be, and hereby is barred from association with any broker, dealer, or 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.

Jonathan G. Katz
Secretary