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JAMES CLARKSON
ACTING REGIONAL DIRECTOR
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center, Room 400
New York, New York 10281-1022
Tel. 212-336-0148 (Primoff)
Fax 212-336-1319
Email primoffr@sec.gov



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRIAN TRAVIS,
NICHOLAS PETER VULPIS, JR.,
DAVID HARRISON BAKER,
DANIEL SCHREIBER, and
GRANITE FINANCIAL GROUP, LLC,

Defendants.

09 Civ. ____ ()

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission"), as and for its complaint against defendants Brian Travis ("Travis"), Nicholas Peter Vulpis, Jr. ("Vulpis"), David Harrison Baker ("Baker"), Daniel Schreiber ("Schreiber") and Granite Financial Group, LLC ("Granite") (collectively, the "Defendants"), alleges as follows:

SUMMARY

1. This enforcement action involves brokers (registered representatives) paying bribes to employees of a hedge fund investment adviser in exchange for the employees routing

hedge fund trades, and the associated commissions, to the brokers.

2. From March 2003 to October 2005, two employees of the investment adviser JLF Asset Management LLC (“JLF”), Travis and Vulpis, solicited and accepted bribes from registered representatives associated with broker-dealers. The bribes took the form of payments for expensive travel and various personal services. In exchange for those bribes, Travis and Vulpis agreed to, and did, direct trades to those registered representatives. Their conduct defrauded JLF’s hedge fund clients, whose trades – unbeknownst to the clients – were being steered to certain registered representatives for the purpose of enriching Defendants. The registered representatives offering these bribes included Baker, Schreiber (who was associated with the broker-dealer Granite), and a third registered representative.

3. Among the benefits Travis and Vulpis extracted from these registered representatives were international air travel (including for family members), hotel arrangements, fully-paid vacations, daily car service, computer equipment, and monthly rent payments for a personal residence. Collectively, Travis and Vulpis received at least \$312,000 in such personal benefits. Baker, Schreiber, and Granite benefited handsomely from this scheme as well: in exchange for bribes, Travis and Vulpis directed a substantial amount of trades to each of them, which, in turn, meant that each received substantial commissions. Indeed, during the relevant period, Baker, Schreiber and Granite received a total of approximately \$10,702,105 in commissions from trades that Travis and Vulpis directed to them.

4. Travis and Vulpis concealed their bribery scheme, and the material conflicts of interest it created, from JLF’s hedge fund clients. For example, Travis and Vulpis used a “net” commission structure with Baker, Schreiber, Granite and others, to obscure the amount of trades

they were directing and commissions they were paying to Baker, Schreiber, Granite and the other registered representatives and broker-dealers involved in their scheme. As a result, JLF did not disclose to its funds its material conflicts of interest which were the direct result of Travis' and Vulpis' corrupt dealings with the other defendants.

5. Defendants' conduct violated Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and aided and abetted JLF's violations of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

6. The Commission brings this action pursuant to authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. §§ 77t(b)], Sections 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], and Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)], seeking to restrain and permanently enjoin the Defendants from violating the antifraud provisions of the federal securities laws.

7. In addition to the injunctive relief recited above, the Commission seeks final judgments ordering the Defendants: (i) to disgorge their ill-gotten gains with prejudgment interest thereon; and (ii) to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §§ 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa] and

Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

9. Venue lies in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Certain of the Defendants' acts and omissions constituting the violations of the Securities Act, the Exchange Act and the Advisers Act occurred within the Southern District of New York. For instance, Vulpis worked at JLF's office in Manhattan, New York, and took car service provided by Granite and another broker-dealer, Broker-Dealer B, from his home in Manhasset, New York, to his office in Manhattan.

10. Defendants, directly or indirectly, have made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange, in connection with the transactions, acts, practices and courses of business alleged herein.

DEFENDANTS

11. **Vulpis**, age 37, resides in Manhasset, New York. From approximately March 2003 to December 2005, Vulpis was JLF's only trader, and in that capacity possessed and exercised the authority to purchase and sell securities for JLF's fund clients and, generally, to select broker-dealers to execute those trades. During that period, Vulpis worked from office space in Manhattan, New York. Vulpis held a Series 7, 55 and 63 securities license while employed at JLF.

12. **Travis**, age 32, resides in San Diego, California, and Barcelona, Spain. From 1999 to 2002, Travis worked as Operations Assistant to JLF's Chief Financial Officer. Between late 2002 and October 2005, Travis worked as JLF's back-office clerk, and in that capacity was

responsible for clearing all of JLF's trades on behalf of its fund clients through its prime broker. To accomplish this, Travis had exclusive access to JLF's order management system ("OMS") which, among other things, was used to enter trade orders and record trade commissions when a trade was executed. Travis also had the primary responsibility for both tracking the JLF fund clients' trading positions, and also tracking the amount of commissions paid to the broker-dealers executing JLF's trades. Travis' responsibilities also included organizing the foregoing information about portfolio holdings and trading activities, which was used for dissemination to JLF's fund clients. Travis worked remotely from his home in San Diego, California, as well as from other locations, including Spain.

13. **Schreiber**, age 43, resides in Solana Beach, California. Schreiber is a registered representative and the owner, President and CEO of Granite, the firm he founded in 1997. Schreiber holds Series 7, 24, 55 and 63 securities licenses.

14. **Granite**, a Delaware limited liability company located in San Diego, California, is a registered broker-dealer and a member of FINRA. Granite provided brokerage services to JLF from 2003 through 2005.

15. **Baker**, age 41, resides in Los Angeles, California. From October 2004 to August 2006, he was associated with a broker-dealer located in Jericho, New York.

FACTS

Defendants Defrauded the JLF Funds

Travis and Vulpis Direct Trades In Exchange for Personal Benefits To Schreiber and Granite (2003-2005)

16. JLF is a Delaware limited liability company that, from 2003 through 2005, served as an unregistered investment adviser to three hedge funds: JLF Partners I, L.P., a Delaware

limited partnership (“JLF I”); JLF Partners II, L.P., a Delaware limited partnership (“JLF II”); and JLF Offshore Fund, Ltd., a Cayman Islands exempted company (“JLF Offshore,” together with JLF I and JLF II, the “JLF Funds”).

17. Jeffrey Feinberg (“Feinberg”) is the managing member and founder of JLF.

18. Between March 2003 and October 2005, Schreiber, a registered representative for the broker-dealer Granite, provided Travis and Vulpis with a total of \$168,605 worth of personal services, including rent on a personal residence, daily car service to and from work, and expensive computer equipment. Schreiber provided these services, and Travis and Vulpis accepted them, with the understanding that in return for these services, Travis and Vulpis would direct JLF trades to him and Granite.

19. Travis and Vulpis kept their part of the bargain: in exchange for the payments Schreiber made, the two JLF employees directed a substantial volume of JLF’s trading to Granite from 2003 to 2005. Schreiber, the owner of Granite, profited personally from the commissions Granite earned for each trade Travis and Vulpis directed to it as a result of this scheme.

20. In or around March 2003, for example, Granite began paying for Travis’s personal residence in San Diego, California. Schreiber – not Travis – entered into a lease dated March 8, 2003 for Travis’ apartment, and wrote a personal check for \$1,565 to secure the apartment and to pay the first month’s rent. Thereafter, Granite (the broker-dealer) paid the monthly rent of \$1,750 directly to the landlord. In total, Granite and Schreiber made payments of \$15,400 for Travis’ apartment.

21. In addition, from approximately December 2004 through October 2005, Granite provided Vulpis car service for his daily commute after Vulpis’ similar arrangement with another

broker-dealer terminated (see paragraphs 31-34, *infra*). At that time, Travis had already been receiving occasional car service from Granite. Schreiber paid for these charges, and obtained reimbursement for them from Granite. In total, Granite paid \$88,566.86 for car service for Travis and Vulpis.

22. Travis also had an arrangement with Schreiber by which, from 2003 through 2005, JLF and its employees received computer equipment through Granite, totaling nearly \$65,000. This includes computer equipment that Granite paid for on Travis' behalf worth \$8,700, that Travis then had another registered representative pay to ship internationally for him from San Diego to Spain in October 2004.

23. Granite and Schreiber benefited handsomely from their bribery scheme with Travis and Vulpis. Granite's annual commissions for the years 2003 through 2005, based on trading by the JLF Funds alone, were \$1,772,720 in 2003; \$5,972,412 in 2004; and \$2,479,295 in 2005. The JLF Funds were Granite's single largest customer in 2004, the period when Granite and Schreiber bestowed the largest amount of goods and services on Travis and Vulpis.

24. Schreiber did not disclose the various expenses it and Granite paid on Travis' or Vulpis' behalf, notwithstanding his annually signed attestations that he was in compliance with NASD Rule 3060, including the prohibition against giving items of value in excess of \$100 in relation to business.

*Travis and Vulpis Direct Trades In Exchange For Personal Payments to
Defendant Baker (2004 – 2005)*

25. In or around October 2004, Travis and Vulpis met with Baker in Manhattan, New York. At that meeting, Travis, Vulpis and Baker agreed that Baker would pay certain of their personal expenses, in exchange for Travis and Vulpis directing trades for the JLF Funds to

Baker. They each understood that they all stood to benefit from this scheme: Baker earned a portion of the commission that his broker-dealer charged the JLF Funds for each executed trade. The more trades Travis and Vulpis steered to Baker's broker-dealer, the more commissions Baker personally would earn.

26. Travis and Vulpis then began directing the JLF Funds' trades to Baker and his broker-dealer for execution, and simultaneously, Baker began paying for Travis' travel. Initially, the JLF Funds paid a commission rate of three cents per share to Baker and his broker-dealer, a portion of which went directly to Baker. Later during this arrangement, that commission rate increased to an average of five cents per share.

27. In or around November 2004, Travis moved from San Diego, California, to Barcelona, Spain without informing Feinberg, and he continued to work for JLF from Barcelona through a remote electronic connection. After he moved, Feinberg unexpectedly called Travis into the San Diego office. At Travis' and Vulpis' request, Baker paid \$9,233.50 for round-trip tickets for Travis and his wife from Barcelona to San Diego, so Travis could attend the meeting and conceal from Feinberg that he was working for JLF from a different continent.

28. During 2004 and 2005, Baker paid for additional travel by Travis and his wife, including airline travel to and from San Diego and Barcelona, and a trip to Hawaii. In total from October 2004 to September 2005, Baker paid approximately \$63,000 for Travis' expenses.

29. Travis even solicited payment from Baker in 2005 for luxury vacation travel for a JLF administrative assistant and her husband. The assistant facilitated Travis's ability to work from Spain without disclosure to Feinberg. The Tahitian cruise for two cost approximately \$10,000 and yielded the continued benefit to Baker of additional trades being directed to his

broker-dealer. Notably, Baker was not the only registered representative from who Travis solicited travel arrangements for the administrative assistant and her husband. At Travis' coordination, she also received trips to St. Barts, Disneyland, and Las Vegas from a different broker-dealer, which trips together cost approximately \$8,200.

30. Baker did not inform the broker-dealer with which he was associated about his arrangement with Travis and Vulpis to pay travel expenses in exchange for directing trading.

31. In 2004 and 2005, the JLF Funds paid Baker's broker-dealer a total of \$955,358 in commissions, half of which (less execution fees) were paid to Baker personally. Indeed, the business that Travis and Vulpis directed to Baker as a result of their unlawful scheme accounted for approximately 58% of all of Baker's commissions for that period. Baker's next largest client accounted for only 14% of his commissions for the period.

Travis and Vulpis Direct Trades In Exchange For Personal Payments to Other Registered Representatives (2004 – 2005)

32. A.G., a registered representative associated with Broker-Dealer B, along with Broker-Dealer B itself, paid for the following personal expenses on Travis' and Vulpis' behalf between March 2003 and December 2004, totaling \$61,268 (\$36,016.05 for Travis and \$25,252 for Vulpis):

- \$7,306.20 for Travis to fly round trip from San Diego to Barcelona, and \$8,066.60 for Travis's in-laws to fly round trip from Spain to San Diego (2003);
- \$7,072.80 for Travis and his wife to travel first-class from San Diego to Miami (July 2004);
- \$1,461.70 to fly Travis' father from New York to San Diego (2004);
- \$3,535 for a pet moving company to build a specialty crate and transport Travis's dog, a Great Dane, from San Diego to Travis' parents' house in Massapequa, New York (2004); and

- \$25,252 for Vulpis' car service for daily commuting from his house in Manhasset, New York, to his office in Manhattan, New York (Between December 2003 and December 2004).

33. Just as with Baker and Schreiber, the trades for the JLF Funds that Travis and Vulpis directed to A.G. and Broker-Dealer B were in exchange for these substantial payments.

34. In 2003 and 2004, while A.G. was making these payments to Travis and Vulpis, Broker-Dealer B received a total of \$2,104,121 in commissions from JLF.

35. In October 2004, A.G. learned that the Commission staff was conducting an examination of Broker-Dealer B and was specifically analyzing its travel procedures. A.G. then asked Vulpis for reimbursement for the car service. Vulpis refused to reimburse Broker-Dealer B for the car service and stopped using it. Shortly thereafter, JLF's trading business with that broker-dealer declined significantly.

Defendants Concealed Their Scheme From the JLF Funds

36. Defendants actively and successfully concealed their fraudulent conduct from the JLF Funds.

37. Travis and Vulpis used a mechanism called "net trades" to conceal from the JLF Funds the amount of commissions and trading they directed to Schreiber and Granite, Baker and his broker-dealer, and to A.G. and his broker-dealer. With a net trade, a brokerage firm includes the commission for executing a trade as part of the transaction cost for that trade. As a result, the commission is not separately identified, but rather included in the price of the security.

38. At Travis' and Vulpis' request, Granite, Baker's broker-dealer, and A.G.'s broker-dealer executed many of JLF Funds' trades on a net trade basis.

39. Since the actual commissions charged by the brokers involved in this unlawful

scheme were obscured by the “net trade” arrangement, Travis was able to present a false, and much lower, picture of the total amount of commissions the JLF Funds were paying these brokers. As a result, Travis and Vulpis misled Feinberg into concluding that the level of trades directed to Baker, Schreiber, Granite and the other registered representatives and broker-dealers was much lower than it actually was.

40. Travis carried out this deception by, among other things, disseminating to Feinberg monthly emails (copying Vulpis) containing commission reports that purported to identify the total dollar amount of commissions paid by the JLF Funds during the month, as well as the total commissions paid to each broker-dealer for the same period. These reports, however, identified only explicit commissions paid during the period – and excluded from both calculations (total and by individual broker) any commissions paid on a net trade basis during the period. Therefore, the reports did not reflect any commissions that were paid to Granite or the other two broker-dealers involved in Defendants’ scheme, and which had been calculated on a “net” trade basis. Travis and Vulpis thereby concealed from Feinberg the millions of dollars in trades they were directing to these broker-dealers, and the commissions that were being charged to the JLF Funds for them. Travis and Vulpis knew that because of their actions, JLF was omitting disclosure of this material information to the JLF Funds.

41. Vulpis and Travis knew that these reports were deceptive. Travis sent Vulpis emails that showed both the explicit commissions and the net trade commissions paid by the JLF Funds. The emails were marked, “your eyes only” to ensure that they were not circulated to anyone else.

42. There were also occasions in which Travis and Vulpis defied Feinberg’s

directives to steer trades away from certain of these broker-dealers. What's more, the Defendants also concealed from Feinberg their flagrant disregard for his instructions. For example, in December 2003, Feinberg advised Vulpis that the commissions the JLF Funds were paying to Broker-Dealer B were too high and should be decreased. Just one month later, Vulpis and Travis switched over much of its trading with Broker-Dealer B from the transparent structure of an explicit commission basis, to a net trade basis. This change had the effect of concealing the amount of commissions the JLF Funds were actually paying to Broker-Dealer B so that Feinberg and the JLF Funds would not appreciate that Defendants had disregarded Feinberg's instructions to decrease those commissions.

43. Subsequently, in September 2004, Feinberg instructed Vulpis and Travis to stop trading with Broker-Dealer B altogether. Vulpis, however, continued to send trades to Broker-Dealer B and to A.G. Indeed, in the month immediately following Feinberg's direction, JLF Funds' total net trades with that broker-dealer actually increased.

44. Similarly, in March 2004, Feinberg told Vulpis and Travis that they should pay no more than \$15,000 in commissions to Granite. But in the months following Feinberg's directive, Vulpis continued to trade through Granite on a net trade basis. For example, in April 2004, the month following Feinberg's directive, Vulpis and Travis caused the JLF Funds to pay a total of \$138,813 in commissions to Granite; however, Vulpis and Travis deceptively reported to Feinberg that the JLF Funds paid Granite only \$3,430.

45. Schreiber and Granite knew that Feinberg and the JLF Funds were being misled about the commissions Granite received. Schreiber was aware, for example, that Travis and Vulpis were disseminating misleading reports regarding the level of trading that they were

directing to Granite, including at least one report that showed that the JLF Funds paid Granite a total of \$58,263 in commissions for the first six months of 2004, when in fact, JLF Funds had paid Granite \$1,148,607 for the same period.

46. Travis and Vulpis created and organized information about the JLF Funds' trading, and they knew that this information was communicated to the JLF Funds. Nevertheless, they not only hid from the JLF Funds the true amount of commissions they were directing to the broker-dealers, they also failed to disclose the fact that they were receiving bribes in the form of expensive travel and personal services or the fact that they were receiving these bribes in exchange for directing JLF Funds' trades to the various broker-dealers.

47. Baker knew that Travis and Vulpis were not disclosing the bribes to the JLF Funds.

48. Schreiber, Granite's principal, also knew that Travis and Vulpis were not disclosing the bribes to the JLF Funds. Schreiber failed to disclose the bribes to his own firm's compliance officer, and Schreiber signed misleading compliance attestations.

The Defendants Aided and Abetted JLF's Failure to Disclose Material Conflicts of Interest to the JLF Funds

49. JLF owed a duty to the JLF Funds to disclose any material conflicts of interest, including actual or potential conflicts of interest raised by employees of JLF soliciting items of value, including travel, entertainment and payment of other personal expenses, from broker-dealers or their registered representatives.

50. Travis and Vulpis, through their conduct as JLF employees, created actual and potential conflicts of interest, by soliciting bribes from broker-dealers and registered representatives to whom they directed the JLF Funds' trades, in exchange for personal services.

However, because they concealed their conduct through both their actions and omissions, JLF failed to disclose these actual or potential conflicts to its advisory clients, the JLF Funds.

51. Specifically, the private placement memoranda (“PPMs”) for the JLF Funds did not disclose that JLF employees received bribes from brokers in exchange for directing trading commissions.

52. Baker, Schreiber and Granite provided substantial assistance to Travis and Vulpis by providing the bribes that gave rise to JLF’s violations.

FIRST CLAIM FOR RELIEF

The Defendants Violated Section 17(a) of the Securities Act

53. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 51, as if fully set forth herein.

54. As alleged more fully above, beginning no later than March 2003 through at least October 2005, the Defendants, in the offer or sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly: (a) employed devices, schemes and artifices to defraud; (b) obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers.

55. The Defendants acted knowingly or recklessly.

56. By reason of the conduct described above, the Defendants violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

The Defendants Violated Section 10(b) of the Exchange Act And Rule 10b-5 Promulgated Thereunder

57. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 51, as if fully set forth herein.

58. As alleged more fully above, beginning no later than March 2003 through at least October 2005, the Defendants, directly and indirectly, by the use of the means or instrumentality of interstate commerce, or of the mails, in connection with the purchase or sale of securities: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

59. The Defendants acted knowingly or recklessly.

60. By reason of the conduct described above, the Defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

THIRD CLAIM FOR RELIEF

The Defendants Aided and Abetted Violations of Section 206(1) of the Advisers Act

61. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 51, as if fully set forth herein.

62. JLF at all relevant times was an investment adviser within the meaning of Section

202(11) of the Advisers Act [15 U.S.C. § 80b-2(11)].

63. As alleged more fully above, beginning no later than March 2003 through at least October 2005, JLF, by the use of the mails, or the means or instrumentality of interstate commerce, directly or indirectly, employed devices, schemes or artifices to defraud JLF's clients or prospective clients.

64. JLF acted knowingly or recklessly.

65. As alleged more fully above, beginning no later than March 2003 through at least October 2005, the Defendants, directly and indirectly, singly or in concert, aided and abetted JLF's violations of Section 206(1) of the Advisers Act. Specifically, the Defendants provided substantial assistance to JLF in participating in the scheme to defraud.

66. The Defendants acted knowingly.

67. By reason of the conduct described above, the Defendants aided and abetted, and unless enjoined, will continue to aid and abet, violations of Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

FOURTH CLAIM FOR RELIEF

The Defendants Aided and Abetted Violations of Section 206(2) of the Advisers Act

68. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 51, as if fully set forth herein.

69. JLF at all relevant times was an investment adviser within the meaning of Section 202(11) of the Advisers Act [15 U.S.C. § 80b-2(11)].

70. As alleged more fully above, beginning no later than March 2003 through at least October 2005, JLF, by the use of the mails, or the means or instrumentality of interstate

commerce, directly or indirectly, engaged in transactions, practices or courses of business which operated as a fraud or deceit upon JLF's clients or prospective clients.

71. JLF acted at the least negligently.

72. As alleged more fully above, beginning no later than March 2003 through at least October 2005, the Defendants, directly and indirectly, singly or in concert, aided and abetted JLF's violations of Section 206(2) of the Advisers Act. Specifically, the Defendants provided substantial assistance to JLF by, among other things, making materially false and misleading representations and omitting to disclose material information.

73. The Defendants acted knowingly.

74. By reason of the conduct described above, the Defendants aided and abetted, and unless enjoined, will continue to aid and abet, violations of Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Finding in favor of the Commission that the Defendants each violated the securities laws and rules promulgated thereunder as alleged herein.

II.

Permanently restraining and enjoining the Defendants, their attorneys, agents, servants, employees and all persons in active concert or participation with them who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 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), (2)].

III.

Ordering the Defendants to disgorge their ill-gotten gains plus prejudgment interest, and such other and further amount as the Court may find appropriate.

IV.

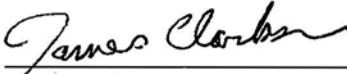
Ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

V.

Granting such other relief as this Court may deem just and proper.

Dated: March 12, 2009
New York, New York

Respectfully submitted,

By: 
James Clarkson
Acting Regional Director
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center, Room 400
New York, New York 10281-1022
212-336-0148
212-336-1319 (fax)

Of Counsel:
Richard Primoff
Kay Lackey (not admitted in SDNY)
Gerald Gross