

Securities and Exchange Commission  
Washington, D.C.

Securities Exchange Act of 1934  
Release No. 60309 / July 15, 2009

Investment Advisers Act of 1940  
Release No. 2900 / July 15, 2009

Administrative Proceeding File No. 3-13548

ADMINISTRATIVE PROCEEDING INSTITUTED IN THE MATTER OF  
FREDERICK J. BARTON

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceedings 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) and Notice of Hearing (Order) against Frederick J. Barton. In the Order the Division of Enforcement (Division) alleges that, on April 27, 2009, a default judgment was entered against Barton permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rules 10b-5 and 10b-9 thereunder, and from future violations of Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Frederick J. Barton, et al., Civil Action No. 1:08-cv-1917-RWS, in the United States District Court for the Northern District of Georgia.

The Division sets forth the Commission's allegations in its complaint in that proceeding, including between May 1999 and December 2003, Barton, acting individually or through Barton Asset Management, LLC (Barton Asset Management) fraudulently misappropriated almost the entire life savings of R.F., a single elderly customer of the broker-dealer employing Barton, who suffered from diminished mental capacity and Alzheimer's disease. Barton individually and through Barton Asset Management misappropriated \$970,000 in this scheme.

The Complaint further alleged that later, between October 2004 and October 2005, Barton and TwinSpan Capital Management, LLC (TwinSpan) engaged in a fraudulent private placement, ostensibly to raise funds to finance TwinSpan. Barton and TwinSpan raised \$1.515 million from ten investors, falsely representing to all of them in the private placement memorandum that the funds would only be used upon reaching a minimum offering amount and then, would only be used for TwinSpan's general corporate purposes. Despite those representations, Barton and TwinSpan diverted funds from the offering for Barton's personal use, and without disclosure to investors used a substantial portion of the offering proceeds in advance of reaching the minimum offering amount in violation of the terms of the private placement.

Finally, the Complaint alleged that between October 2006 and January 2007, Barton and TwinSpan misappropriated \$685,000 from an investment advisory client of TwinSpan, J.C. First, acting through TwinSpan, Barton forged J.C.'s signature on four wire-transfer authorizations and used them to transfer \$185,000 of J.C.'s assets under TwinSpan's management into a bank account in the name of Barton Asset Management. Shortly thereafter, Barton borrowed an additional \$500,000 from J.C., ostensibly to fund TwinSpan's business plan, without disclosing to her that he had previously misappropriated \$185,000 of her funds.

The Order also states that on March 25, 2009, Barton pled guilty to one count of wire fraud in violation of Title 18 United States Code Section 1343, before the United States District Court for the Northern District of Georgia, in United States v. Frederick Barton, Case No. 1:08-CR-477-TWT, and that in May 2007, in connection with a portion of the misconduct outlined above, the Georgia Secretary of State (i) ordered Barton to cease-and-desist all offers for sale and sales of securities in violation of the Georgia Securities Act of 1973, as amended, and (ii) permanently barred Barton from associating with a registered dealer, limited dealer, or investment adviser in Georgia.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Barton an opportunity to respond to these allegations, and to determine what sanctions, if any, are appropriate and in the public interest. As directed by the Commission, an administrative law judge shall issue an initial decision in this matter no later than 210 days from the date of service of the Order Instituting Proceedings.