

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9127 / July 8, 2010

SECURITIES EXCHANGE ACT OF 1934
Release No. 62474 / July 8, 2010

INVESTMENT ADVISERS ACT OF 1940
Release No. 3051 / July 8, 2010

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3151 / July 8, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13962

In the Matter of

Ephraim Fields

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Ephraim Fields (“Respondent” or “Fields”).

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, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that

Respondent

1. Fields, age 43, resides in New York, New York. During the relevant period, he was the owner and manager of a registered investment adviser, Clarus Capital Management, LLC (“Clarus Management”). Fields was also the general partner of Clarus Capital, LLC (“Clarus”), an unregistered hedge fund.

Other Relevant Entities

2. Clarus Management, during the relevant period, was a registered investment adviser based in New York, New York. It served as an adviser to Clarus. On December 23, 2008, Clarus Management submitted its Form ADV-W Notice of Withdrawal From Registration as an Investment Adviser, which was approved, and it ceased conducting advisory business.

3. Hawk Corporation (“Hawk”), a Delaware corporation headquartered in Cleveland, Ohio, is a supplier of products used in industrial, agricultural, performance, and aerospace applications. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded on the American Stock Exchange under the symbol HWK.

Background

4. This case involves marking the closing price of Hawk’s stock to delay the requirement that it comply with the internal control provisions promulgated under Section 404 of the Sarbanes-Oxley Act of 2002 (“SOX 404”) in Rule 13a-15 under the Exchange Act.

5. SOX 404 requires management and auditors of public companies to annually assess and report on the design and effectiveness of the company’s internal control over financial reporting. After the enactment of SOX 404, the Commission issued a number of extensions for non-accelerated filers, including those issuers with worldwide market values of

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

the voting and non-voting common equity held by their non-affiliates of less than \$75 million. A September 22, 2005 extension provided that non-accelerated filers did not have to comply with the SOX 404 requirements until their first fiscal year ending on or after July 15, 2007.

6. Under the September 22, 2005 extension, Hawk could avoid compliance with SOX 404 for its fiscal year ending December 31, 2006, if Hawk's worldwide market value of the voting and non-voting common equity held by its non-affiliates was less than \$75 million on the last day of the second quarter of 2006 - June 30, 2006. If Hawk stayed below the \$75 million threshold, it would remain a non-accelerated filer and have until the end of 2007 to comply with SOX 404. The closing price of Hawk's stock on June 30, 2006 would be used to determine the market value of the voting and non-voting common equity held by Hawk's non-affiliate shareholders. On June 30, 2006, the closing price that would have triggered Hawk's obligation to comply with SOX 404 for its fiscal year ended December 31, 2006 was \$12.30 (the "trigger price").

7. On June 30, 2006, one of Hawk's Corporate Executives called Fields. In that call, the Corporate Executive stated that if Hawk's stock closed below the trigger price that day, Hawk could avoid compliance with SOX 404 by year-end. Based on the call, Fields believed the Corporate Executive wanted him to make sure that Hawk's stock closed below the trigger price.

8. Shortly after the call with the Corporate Executive, Fields submitted eight limit day orders on behalf of Clarus to sell a total of 40,000 shares of Hawk at \$12.29. This trading position was unusually large in light of the fact that the average daily trading volume for Hawk in the second quarter was 11,371 shares a day. Fields placed these orders to artificially cap the closing price of Hawk shares below the \$12.30 per share trigger price in order to allow Hawk to avoid compliance with SOX 404.

9. Only 400 of the 40,000 shares sold before the end of the day on June 30, 2006. The sale of these 400 shares was reported as the last trade of that day. The outstanding offer to sell the remaining 39,600 shares at \$12.29 was the prevailing offer to sell at the close of trading. As a result, Hawk's stock price was capped that day at \$12.29. At the end of the day on June 30, 2006, the remainder of these limit day orders expired.

10. As a result of the conduct described above, Fields willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(f) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Fields cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Fields is censured.

C. Respondent Fields shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Ephraim Fields as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Timothy L. Warren, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Blvd., Chicago, IL 60604.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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