

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

ADMINISTRATIVE PROCEEDINGS RULINGS  
Release No. 696/March 9, 2012

ADMINISTRATIVE PROCEEDING  
File No. 3-14340

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In the Matter of	:	
	:	
GUALARIO & CO., LLC and	:	ORDER
RONALD GUALARIO	:	

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Under consideration is a motion, pursuant to 17 C.F.R. § 201.111(h), timely filed on February 23, 2012, by the Division of Enforcement (Division) to correct a manifest error of fact in the February 14, 2012, Initial Decision (ID) in this proceeding.<sup>1</sup>

**BACKGROUND**

The Securities and Exchange Commission's April 8, 2011, Order Instituting Proceedings alleged that Respondents violated the federal securities laws in their dealings with investment advisory clients. The ID concluded that Respondents violated the antifraud and registration provisions and ordered various sanctions, including disgorgement of ill-gotten gains of \$492,249.67. Gualario & Co., LLC, Initial Decision No. 452 (A.L.J. Feb. 14, 2012).

**MOTION TO CORRECT**

As the Division points out, the disgorgement amount is inconsistent, by \$100,000, with the Findings of Fact in the ID, and thus was calculated erroneously. Disgorgement should have been calculated as \$592,249.67. The undersigned concludes that this arithmetic error is a manifest error of fact within the meaning of 17 C.F.R. § 201.111(h), and, accordingly, the ID should be corrected as follows:

1. The last sentence in the Summary on page 1 is corrected as follows:

The ID orders Respondents to cease and desist from violations of the antifraud and registration provisions, to disgorge ill-gotten gains of ~~\$~~492,249.67, and to pay a civil money penalty of \$390,000, and imposes broker-dealer, investment adviser, and investment company bars.

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<sup>1</sup> Respondents did not file an opposition to the motion.

2. The second sentence in the first paragraph of the Sanctions section on page 17 is corrected as follows:

As discussed below, Respondents will be ordered to cease and desist from violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act, to disgorge \$5492,249.67 plus prejudgment interest, and to pay a third-tier civil penalty of \$390,000, and broker-dealer, investment adviser, and investment company bars will be imposed on Gualario.

3. The first sentence in the third full paragraph on page 19 is corrected as follows:

Respondents will be ordered to disgorge \$5492,249.67, which includes: \$31,000 in transaction-based fees for real estate investments from January 2006 through October 2007;<sup>32</sup> \$10,249.67 in management fees for the Fund during October 2007, when Gualario engaged in transactions that were materially different from the strategy disclosed to investors; and \$5451,000, representing the \$1,0990,000 in unpaid principal owed on the promissory notes – \$100,000 on Wilson’s “Mortgage Bankers” note and \$990,000 on all investors’ Gualario & Co. notes less the \$539,000 actually spent to launch the Fund.

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<sup>32</sup> The record evidence includes such fees for additional months beyond those specified in the OIP, January 2006 through October 2007. However, the Commission has not delegated its authority to administrative law judges to expand the scope of matters set down for hearing beyond the framework of the original OIP. See 17 C.F.R. § 201.200(d); J. Stephen Stout, 52 S.E.C. 1162 n.2 (1996). Accordingly, the disgorgement order will not include amounts received in the additional months.

4. The first sentence of the second ordering clause on page 22 is corrected as follows:

IT IS FURTHER ORDERED that, pursuant to Sections 8A(e) of the Securities Act, 21C(e) of the Exchange Act and 203(j) of the Advisers Act, Gualario & Co., LLC, and Ronald Gualario, jointly and severally, DISGORGE \$5492,249.67 plus prejudgment interest at the rate established under Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), compounded quarterly, pursuant to 17 C.F.R. § 201.600(b).

IT IS SO ORDERED.

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Carol Fox Foelak  
Administrative Law Judge