

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3463 / September 12, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15021**

**In the Matter of**

**SJK INVESTMENT  
MANAGEMENT, LLC,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 203(e) 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 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against SJK Investment Management, LLC (“SJK” 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 it and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(e) 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. SJK Investment Management, LLC (SEC Number 801-70340) is an investment adviser that has been registered with the Commission since 2009.
2. On September 23, 2011, a permanent injunction was entered by consent against SJK, permanently enjoining it from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2), 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Stanley J. Kowalewski and SJK Investment Management, LLC, Civil Action Number 1:11-CV-0056-TCB, in the United States District Court for the Northern District of Georgia.
3. The Commission's complaint alleged that beginning in the summer of 2009 and continuing through January 6, 2011, SJK marketed two "fund of funds" (collectively "the Absolute Return Funds") to various entity investors, consisting largely of pension funds, school endowments, hospitals and non-profit foundations. The complaint further alleged that in raising investor proceeds for those funds – which ultimately totaled approximately \$65 million – SJK made numerous representations, including that: (a) "substantially all" of the monies invested in the Absolute Return Funds would be invested in "unaffiliated" underlying hedge funds pursuing complex investment strategies, (b) no single underlying fund would be allocated more than 15% of the Absolute Return Funds' monies, (c) SJK would be responsible for its own overhead and operating expenses, including its rent and personnel's salaries, and (d) as compensation for its services, SJK would receive no more than a 1% annual asset management fee and a 10% of profits incentive fee. The complaint also alleged that in December 2009, SJK and its founder, sole owner, CEO and Chief Investment Officer Stanley J. Kowalewski further formed a new, undisclosed fund wholly controlled by SJK and Kowalewski, the Special Opportunities Fund, caused the Absolute Return Funds to "invest" a total of \$16.5 million in this new fund, and proceeded to engage in various, undisclosed self-dealing transactions, including having the Special Opportunities Fund: (a) buy Kowalewski's personal home for \$2.8 million, at least \$1 million more than its likely value, (b) purchase a vacation home for Kowalewski for \$3.9 million, (c) pay approximately \$1 million of Kowalewski and SJK's personal and business expenses, and (d) pay SJK a \$4 million "administration" fee which was immediately passed on to Kowalewski. The complaint further alleged that Kowalewski and SJK sent fraudulent monthly account statements to the investors or their representatives showing substantial positive, but illusory, investment returns generated by the "investments" in the Special Opportunities Fund.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(e) of the Advisers Act that the registration of Respondent SJK be, and hereby is, revoked.

By the Commission,

Elizabeth M. Murphy  
Secretary