

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 67645 / August 13, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14981**

**In the Matter of**  
  
**ROSS MANDELL,**  
  
**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**AND NOTICE OF HEARING**  
**PURSUANT TO SECTION 15(b) OF**  
**THE SECURITIES EXCHANGE ACT**  
**OF 1934**

**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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Ross Mandell (“Mandell” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.     Mandell founded Sky Capital LLC (now known as Granta Capital LLC) (“Sky Capital”), a New York-based broker-dealer, in June 2001, and was its President, CEO and majority shareholder until April 2008. For a portion of the time in which he engaged in the conduct underlying the indictment described below, Respondent was also a registered representative associated with broker-dealers registered with the Commission. From approximately 1998 through 2006, Mandell orchestrated a stock manipulation scheme in the securities of two companies

affiliated with Sky Capital and defrauded investors out of approximately \$140 million through a series of purported private offerings in companies affiliated with Sky Capital. Mandell, 55 years old, is a resident of Boca Raton, Florida. On July 8, 2009, the Commission filed an action against Mandell, SEC v. Sky Capital LLC, et al., 09-CV-6129 (PAC), which was stayed pending the completion of the related criminal proceeding, described below.

B. ENTRY OF THE RESPONDENT'S CRIMINAL CONVICTION

2. On July 26, 2011, Mandell was convicted of securities fraud in violation of Title 15 United States Code, Sections 78j(b) and 78ff; mail fraud in violation of Title 18 United States Code, Section 1341; wire fraud in violation of Title 18 United States Code, Section 1343; and conspiracy to commit offenses against the United States, namely securities fraud, mail fraud and wire fraud, in violation of Title 18 United States Code, Section 371, before the United States District Court for the Southern District of New York, in United States v. Ross Mandell, et al., 09-cr-662 (S.D.N.Y.). On May 7, 2012, Mandell was sentenced to a prison term of 144 months followed by three years of supervised release and a \$10,000 fine, and a money judgment of \$50,000, with restitution to be determined.

3. The counts of the criminal indictment under which Mandell was found guilty alleged, inter alia, that from in or about 1998 through in or about 2006, Mandell defrauded investors out of approximately \$140 million through a series of purported private offerings and a stock manipulation scheme in the securities of two companies affiliated with Sky Capital. The indictment also alleged that Mandell obtained money and property by means of materially false and misleading statements, that he used the United States mails to further the scheme, and that he used wire and radio communications in interstate commerce for the purpose of executing the scheme. Further, the indictment alleged that Mandell employed devices, schemes and artifices to defraud, made untrue statements of material facts, and engaged in acts, practices and courses of business which operated as a fraud and deceit upon Sky Capital's customers in connection with the purchase and sale of securities. The indictment also alleged that Mandell used the wire and mails communications in interstate and foreign commerce to carry out the fraudulent scheme.

**III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and,

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act;

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary