

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

**SECURITIES ACT OF 1933**  
**Release No. 9274 / November 7, 2011**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 65698 / November 7, 2011**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 29856 / November 7, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14615**

**In the Matter of**

**Ronald St. Clair, CPA and  
Lawrence Swan, CA,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTIONS 15(b)  
AND 21C OF THE SECURITIES EXCHANGE  
ACT OF 1934, AND SECTION 9(b) OF THE  
INVESTMENT COMPANY 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”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Ronald St. Clair, CPA and Lawrence Swan, CA ( the “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, the Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company 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 the Respondents' Offers, the Commission finds<sup>1</sup> that:

#### **Summary**

This proceeding involves the conduct of Ronald St. Clair and Lawrence Swan, who offered and sold interests in the unregistered Boston Trading and Research LLC ("BTR") investment program to 269 investors who invested approximately \$19.7 million. BTR was a purported foreign currency ("FOREX") trading program that obtained approximately \$40 million from approximately 1000 investors from at least July 2007 through September 2008. Neither BTR nor the interests in its investment program was registered with the Commission. Likewise, neither St. Clair nor Swan was registered with the Commission as a broker-dealer nor were they associated persons of any registered broker-dealer.

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **Respondents**

St. Clair, a resident of Fort Myers, Florida, is a 64 year old co-owner of a Florida-based tax planning and preparation firm named Caloosehatche Tax & Financial Services, Inc. St. Clair is a Certified Public Accountant licensed in Florida.

Swan, age 54, is also a resident of Fort Myers, Florida, and co-owner of Caloosehatche Tax & Financial Services, Inc. Swan purports to be a Chartered Accountant in England.

## **Background**

1. BTR was a Massachusetts-based limited liability company that had a principal place of business in Boston, Massachusetts. BTR operated from approximately July 2007 through September 2008. BTR was not registered with the Commission in any capacity.

2. BTR purportedly offered investors individually managed accounts for purposes of trading in FOREX. For a minimum investment of \$10,000, individuals could invest with BTR by signing a limited power of attorney that granted BTR principals the right to direct the trading of their funds in the FOREX market. Approximately 1,000 investors invested approximately \$40 million with BTR. BTR's investors ranged from domestic to foreign, with many residing in Florida. Investors were solicited through marketing materials, presentations, and through promoters or feeders. These promoters or feeders referred investors to BTR and received compensation, including a percentage of profits and a per trade commission, for referring investors to BTR.

3. BTR represented to investors and Respondents that it was opening individually managed accounts. However, BTR traded investors' funds in established sub-groups, which were comprised of pooled funds invested by individuals, usually according to characteristics such as their particular promoter. When BTR placed trades on behalf of investors, the trade and any profits or losses associated with the trade were reflected (to the extent disclosed) as pro rata positions on investors' account statements. The BTR trading program was not registered with the Commission.

4. BTR collapsed over the 2008 Labor Day weekend due to, among other things, the significant losses accrued as a result of apparent unauthorized trading and misappropriation of investor funds by BTR's principals and/or managers. Ultimately, BTR distributed the remaining funds, which amounted to approximately 10% of investments, to its investors.

### **Conduct of St. Clair and Swan**

5. St. Clair and Swan founded Basis Financial of SW FL, Inc., a now defunct Florida-based corporation, to serve as a promoter for BTR from BTR's inception. St. Clair and Swan introduced investors to BTR through Basis Financial. Basis Financial received commissions and profit sharing from BTR for referring investors, which were shared by St. Clair and Swan.

6. St. Clair and Swan referred approximately 269 investors, who invested approximately \$19.7 million, to BTR. Most of the investors were tax clients of either St. Clair or Swan.

7. St. Clair and Swan hosted at least one marketing event and provided prospective investors with copies of St. Clair's and Swan's personal BTR account statements in an effort to promote BTR.

8. St. Clair, Swan, and Basis Financial never registered with the Commission as broker-dealers, and neither St. Clair nor Swan was ever an associated person of a registered broker-dealer.

9. St. Clair and Swan used the telephone, internet and in-person meetings to offer and sell the BTR program.

10. St. Clair and Swan were compensated approximately \$256,000 each from BTR for their efforts in offering and selling the BTR investment program.

### **Violations**

As a result of the conduct described above:

11. St. Clair and Swan each willfully violated Sections 5(a) and 5(c) of the Securities Act by offering and selling the BTR investment program, which was not registered with the Commission, nor was it exempt from registration.<sup>2</sup>

12. St. Clair and Swan also each willfully violated Section 15(a) of the Exchange Act by offering and selling securities in interstate commerce, without being registered with the Commission as a broker or dealer or being associated persons of a registered broker-dealer.

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<sup>2</sup> A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents St. Clair and Swan's Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents St. Clair and Swan shall cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act, and Section 15(a) of the Exchange Act.

B. Respondents St. Clair and Swan are hereby barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock with the right to apply for reentry after one year to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by the Respondents will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent St. Clair shall, within 30 days of the entry of this Order, pay disgorgement of \$256,495.00 and prejudgment interest of \$52,307.17 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment shall be: (A) made by wire transfer, 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 Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Ronald St. Clair as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent to John Dugan, Associate Regional Director,

Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, Massachusetts 02110.

E. Respondent Swan shall, within 30 days of the entry of this Order, pay disgorgement of \$256,495.00 and prejudgment interest of \$52,307.17 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment shall be: (A) made by wire transfer, 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 Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Lawrence Swan as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent to John Dugan, Associate Regional Director, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, Massachusetts 02110.

F. Respondent St. Clair shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000.00 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, 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 Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Ronald St. Clair as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent to John Dugan, Associate Regional Director, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, Massachusetts 02110.

G. Respondent Swan shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000.00 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, 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 Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Lawrence Swan as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent to John Dugan, Associate Regional Director, Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, Massachusetts 02110.

H. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any

Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against either Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Elizabeth M. Murphy  
Secretary