

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3533 / January 11, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15170

In the Matter of

I. Joseph Massoud,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT SECTION 203(f) 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(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against I. Joseph Massoud (“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 him 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(f) 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. Massoud, age 44 and a resident of Westport, Connecticut, is the founder and managing partner of Compass Group Management, LLC (“Compass Group”), an unregistered investment adviser to Compass Diversified Holdings (NYSE: CODI) (“Compass Diversified”) and Compass Group Investments, Ltd. (“CGI”). Until he began a leave of absence on February 17, 2011, Massoud was also the chief executive officer and a member of the board of directors of Compass Diversified.

2. On December 12, 2012, a final judgment was entered by consent against Massoud, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. Massoud, Civil Action Number 3:12-cv-01691-RNC, in the United States District Court for the District of Connecticut.

3. The Commission's complaint alleged the following facts: Beginning in May 2009, Massoud engaged in insider trading in connection with his purchases of Patriot Capital Funding, Inc. (“Patriot Capital”) stock prior to the August 3, 2009 announcement that Patriot Capital was to be acquired by Prospect Capital Corporation. From May through July 2009, while in possession of material non-public information he obtained from Patriot Capital about Patriot Capital’s financial condition and also about the value of acquisition proposals submitted to Patriot Capital by other bidders during the bidding process, Massoud bought 322,216 shares of Patriot Capital stock in his personal brokerage account in violation of an agreement, which among other things, included a provision that prohibited him from buying Patriot Capital shares. Following the August 3, 2009 announcement, Patriot Capital’s share price increased from \$1.79 per share to close at \$3.53 per share. On August 25, 2009, Massoud sold all 322,216 shares of his Patriot Capital stock, earning over \$676,000 in profits from these transactions.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Massoud be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent 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.

By the Commission.

Elizabeth M. Murphy
Secretary