UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9277 / November 15, 2011

SECURITIES EXCHANGE ACT OF 1934
Release No. 65750 / November 15, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3314 / November 15, 2011

INVESTMENT COMPANY ACT OF 1940
Release No. 29861 / November 15, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14623

In the Matter of **LEADDOG CAPITAL MARKETS, LLC, F/K/A LEADDOG CAPITAL PARTNERS, INC., CHRIS MESSALAS, AND JOSEPH LAROCCO, ESQ.,** **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, SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, AND RULE 102(e) OF THE SECURITIES AND EXCHANGE COMMISSION'S RULES OF PRACTICE**

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"), Sections 203(e), (f) and (k) of the Investment Advisers Act of 1940 ("Advisers Act") and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against LeadDog Capital Markets, LLC, f/k/a LeadDog Capital Partners Inc. ("LeadDog"), Chris Messalas ("Messalas") and Joseph LaRocco, Esq. ("LaRocco") (collectively, "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

SUMMARY

1. From approximately November 2007 through approximately August 2009 (the "Relevant Period"), Respondents raised at least $2.2 million from twelve investors for investment in LeadDog Capital LP (the "Fund"), a purported hedge fund. Respondents Messalas and LaRocco jointly owned and controlled the Fund's adviser. During the Relevant Period, at Messalas' direction the Fund was almost entirely invested in illiquid penny-stocks or other micro-cap private companies, each of which had received "going concern" opinions from their auditors, all but one of which had a consistent history of net losses, and most of which Respondents or their affiliates owned or controlled.

2. Respondents, however, deliberately, or at a minimum recklessly, painted a materially different picture of the Fund to existing and/or prospective investors. To induce one elderly investor ("Investor A") to invest $500,000 in the Fund, for example, Respondents represented falsely orally and in written materials in or about February 2009 that at least half of the Fund's assets were liquid and could be marked to market each day, that other assets would be valued in conformity with GAAP, and, further, that Investor A could exit the Fund at any time. Respondents succeeded in obtaining $500,000 from Investor A between February and August 2009 (making him the Fund's largest single investor). In August 2009, when Investor A learned for the first time that the Fund was in fact heavily concentrated in illiquid securities, he demanded the return of his investment. Respondents refused, and disclosed to Investor A for the first time that the Fund's investments were illiquid. To date, Respondents have refused to liquidate anything other than a small portion of Investor A's investment in the Fund.

3. Respondents also made deliberate, or at a minimum, reckless, misrepresentations and material omissions of fact regarding LeadDog and the Fund on internet websites. Respondents used these websites to, among other things, tout their experience in the securities industry, but through misrepresentations and material omissions to the operators of those websites (who acted as conduits in publishing Respondents' information), deliberately concealed from the investing public that from 2004 through 2009 Messalas directly or indirectly was involved in at least one NASD customer arbitration asserting securities law violations against him, and at least one broker-dealer he controlled, Carlton Capital Markets, Inc. ("Carlton Capital"), had been repeatedly fined, censured and, ultimately, expelled by FINRA. Respondents also deliberately concealed these material facts from Investor A, in response to his direct written questions on the subject.

4. Respondents, finally, misrepresented to and concealed from existing and prospective investors the substantial conflicts of interests and related party transactions that characterized Respondents' relationship to the Fund's illiquid investments.

Respondents deliberately, or at a minimum recklessly, misrepresented in a May 13, 2009 letter to the Fund's auditor that the only related party transaction involving the Fund was a 2% management fee paid to Messalas and LaRocco. Respondents thus concealed from the auditor, and thus investors, that: (i) Messalas and LaRocco collected various undisclosed fees and other payments made in connection with LeadDog investment activities for the Fund; (ii) Messalas directed the Fund's investment in several companies in which he had a substantial ownership interest; and (iii) a substantial number of the companies the Fund had invested in were controlled by individuals connected to Respondents. As a result of Respondents' deliberate and material misrepresentations and omissions, the Fund's audit report disclosed none of the foregoing conflicts and related party transactions, and Messalas and LaRocco then distributed this false and misleading financial statement to existing and prospective investors in the Fund.

RESPONDENTS

5. **LeadDog** collectively refers to LeadDog Capital Partners, Inc. ("LD Partners"), LeadDog Capital Markets, LLC, ("LD Markets") and LeadDog Capital Equities, LLC ("LD Equities"), each of which Messalas and LaRocco owned and controlled, and which at different times served as general partners, investment advisers and/or administrators to the Fund. LD Partners, a Delaware company formed in 2007, was the general partner, investment adviser and administrator of the Fund through December 31, 2008, after which LD Markets (a New York company formed in 2008) became the general partner and investment adviser, with LD Equities (also a New York company formed in 2008) becoming the administrator. At all times during the Relevant Period LeadDog was an investment adviser within the meaning of the Advisers Act.

6. **Messalas**, age 45, resides in Staten Island, New York. Messalas owned 100% of LeadDog through September 2008, and 60% thereafter when LaRocco purchased a 40% interest, and he was primarily responsible both for LeadDog's investment decisions on behalf of the Fund and for determining the fair value of the Fund's holdings. From 1996 to 2009, Messalas was a registered representative of nine successive broker-dealers. During the Relevant Period alone, he was a registered representative of three successive broker-dealers, and held Series 7, 24 and 63 securities licenses. Messalas has a history of customer and FINRA complaints. In November 2004, Messalas entered into a $45,000 settlement with a customer whose NASD arbitration complaint alleged that Messalas caused $1.6 million in losses as a result of misrepresentations, omissions, churning and suitability violations. In August 2005, FINRA censured and fined the broker-dealer that Messalas owned and controlled, Carlton Capital, $10,000 for its failure to comply with the Bank Secrecy Act of 1970. In November 2008, FINRA censured and fined Carlton Capital $40,000 for improperly providing registered representatives with access to unrecorded telephone lines and permitting representatives to accept customer orders on unrecorded lines. In January 2009, FINRA expelled Carlton Capital for its failure to pay the $40,000. When that broker-dealer closed, Messalas opened a branch office of Brookstone Securities, Inc. ("Brookstone") at the same location, which he controlled. Messalas owned 100% of LD Partners through September 2008, and 60% thereafter. Messalas is a 60% owner of LD

Markets. At all times during the Relevant Period Messalas was an investment adviser within the meaning of the Advisers Act.

7. **LaRocco**, age 53, resides in New Canaan, Connecticut. Since September 2008, LaRocco has been a managing member, general counsel, and a 40% owner of LeadDog. LaRocco is an attorney, licensed in Connecticut, whose legal practice included advising hedge funds on compliance with federal securities laws and regulations. LaRocco was responsible for all legal functions on behalf of the Fund, and most administrative functions. LaRocco has practiced before the Commission, representing clients in several Commission investigations. LaRocco is not registered with the Commission in any capacity. LaRocco purchased a 40% interest in LD Partners in September 2008 from Messalas, and also owns 40% of LD Markets.

RELATED ENTITY

8. **The Fund** is organized as a Delaware limited partnership that offered up to $25 million of its securities to accredited investors via unregistered offerings, claiming an exemption from registration under Section 4(2) and Rule 506 of Regulation D of the Securities Act. The Fund purports to invest in private and publicly traded domestic and international securities, equities, debt instruments, convertible securities, options, and derivatives. Through June 2009, the Fund raised approximately $2.2 million from twelve investors.

FACTS

9. Messalas and LaRocco jointly own, operate and control LeadDog, the investment adviser to the Fund. Messalas was primarily responsible both for LeadDog's investment decisions on behalf of the Fund and for determining the fair value of the Fund's holdings. LaRocco provided legal services, and was principally responsible for all marketing and administrative functions, including compiling the Fund's private placement memoranda ("PPM") and marketing materials. LeadDog claimed total assets under management of $3.9 million as of September 2009, and approximately $4.25 million in assets under management as of July 2010. Investors in the Fund contributed approximately $2.2 million in capital, and its General Partners – Messalas and LaRocco – contributed approximately $16,000. Messalas and LaRocco personally solicited investors for the Fund orally and through written materials such as private placement memoranda, financial statements and written responses to investor questionnaires. Respondents also advertised the Fund and its performance on Hedgefund.net and Hedgeco.net, two public websites that provide subscribers with information about potential investment opportunities.

10. From November 2007 through August 2009, LeadDog and Messalas directed the Fund to acquire securities of the following public companies: Therabiogen, Inc., Paradise Music and Entertainment, Inc., United EcoEnergy Corp., The Center for Wound Healing Inc., American Post Tension Inc., and Spring Creek Capital Corp., (respectively, Therabiogen, Paradise, EcoEnergy, Wound Healing, Post Tension and Spring Creek). Each of these securities was illiquid and in 2008 and 2009, all but one of these

public portfolio companies reported net losses that ranged between $70,000 and $4 million, and each received a "going concern" opinion from its respective auditor. The Fund also held an investment in AudioStreet, Inc., an illiquid private company, and 3A NOW AG, an illiquid Swiss company that lists on the Frankfurt Stock Exchange.

11. In addition, the Fund made loans to two parties that had connections with the Respondents: (i) Philip Forman ("Forman"), an investor in the Fund, and officer or director of two companies in the Fund's portfolio, and (ii) FSR. Inc., an entity controlled by Terry Hickel ("Hickel"), an associate of Messalas who was also an officer or director of multiple public or private companies in the Fund portfolio.

12. Respondents created and distributed to prospective investors PPMs dated November 1, 2007, November 1, 2008, and January 1, 2009. The PPMs are substantially identical, and each sought to raise $25 million in limited partnership interests for the Fund. LeadDog also provided investors and prospective investors with audited financial statements for the period November 2007 through December 2008.

Respondents' Misrepresentations and Omissions to the Fund's Largest Investor

13. From February through August 2009, LeadDog and its principals successfully induced Investor A to invest $500,000 in the Fund, by deliberately misrepresenting the Fund's liquidity and the nature of its investment holdings, and the liquidity of Investor A's investment in the Fund. Respondents also deliberately concealed, in response to a question from Investor A, Messalas' history of customer and FINRA complaints against him and a broker-dealer he controlled.

14. After learning of the Fund as a potential investment opportunity from information Respondents published on Hedgeco.net, Investor A contacted Messalas on February 17, 2009, and requested that LeadDog submit written responses to a Due Diligence Questionnaire ("DDQ") that contained a series of direct questions concerning, among other things, the Fund's investments and LeadDog's operations. Six days later, LaRocco emailed Investor A (copying Messalas) and provided him with the Fund's PPM. Two days after that, Messalas and LaRocco both signed LeadDog's written responses to Investor A's DDQ and submitted it to him via fax.

15. Investor A asked Respondents in his DDQ: "What percent of the Fund assets are invested in non-liquid assets and cannot be marked to market each day?" Respondents responded falsely "50%." In response to another question from Investor A, Respondents also represented falsely, without qualification, that it would take approximately six months to liquidate the Fund's entire portfolio. Respondent's statements regarding the composition and liquidity of the fund's portfolio were false and misleading. In fact, all of the Fund's non-cash investments – 92% of the Fund's total assets – were illiquid, and none could be marked to market on a daily basis. Respondents knew these statements were false and misleading when they made them, or at a minimum acted with reckless disregard for the truth.

16. Respondents also falsely and deliberately, or at a minimum, recklessly, represented to Investor A orally in February 2009 that notwithstanding any lock-up provisions to the contrary, he could liquidate his entire investment in the Fund at any time.

17. In addition, Investor A asked Respondents in his DDQ whether Respondents were the subject of any civil, criminal or regulatory complaints. In response, Respondents deliberately and falsely concealed from Investor A Messalas' history of NASD and FINRA complaints, including the censures, fines and expulsion levied against his firm, Carlton Capital, referred to above in paragraph 6, and described in greater detail below in paragraph 23. On the contrary, Respondents deliberately provided a materially misleading biography of Messalas that omitted any discussion of Carlton Capital at all, but nonetheless touted that he had "over 15 years experience in the Securities industry," noted he was the "Managing Director of Private Equities" at Brookstone, and that he "has his series 7, 24 and 63 Securities licenses with Brookstone Securities, Inc., a broker-dealer firm licensed with the Financial Industry Regulatory Authority."

18. Respondents also deliberately and falsely misrepresented to Investor A in their responses to his DDQ that "Gary T. Amato, CPA, P.C." was the Fund's "Administrator." In reality, Amato served only as a bookkeeper to the Fund, and LeadDog was the Administrator to the Fund through January 1, 2009, at which point Messalas and LaRocco transferred the administrative functions to another entity they jointly controlled, LD Equities.

19. After receiving these oral and written material representations from Respondents, Investor A invested $500,000 in the Fund in stages from February through August 2009, an amount that constituted approximately 15% of the total capital invested in the Fund, and made him its largest single investor.

20. In August 2009, after he completed his investment in the Fund, Investor A reviewed the Fund's audited financial statements (which Respondents had sent him in July), and learned for the first time that Respondents' representation that 50% of the Fund's assets were in liquid securities was false. Investor A demanded the return of his investment, and except for $50,000 remitted to Investor A in December 2010, Respondents have refused to comply, admitting that the Fund was not sufficiently liquid to redeem his investment.

Respondents' Misrepresentations and Omissions Regarding Messalas' History of Regulatory Complaints

21. LaRocco, with Messalas' knowledge, deliberately supplied false and misleading information about Messalas' regulatory history, as well as the Fund's operations, to Hedgefund.net and Hedgeco.net, two websites that provide background, performance and other information about hedge fund investment opportunities to subscribers. Hedgefund.net and Hedgeco.net published LeadDog's misrepresentations as part of their profile of LeadDog on the respective websites. LaRocco and Messalas were

aware that Hedgefund.net and Hedgeco.net would act as conduits in publishing the false information they provided to investors and prospective investors.

22. Hedgefund.net required Respondents to submit written responses to a questionnaire that contained questions concerning, among other things, any legal or regulatory disputes involving LeadDog or its employees. In their 2008 and 2009 responses to the Hedgefund.net questionnaire, Respondents represented falsely that there was no "litigation, complaints, arbitration, regulatory action and/or other disputes involving" LeadDog, or its employees, in the past 5 years.

23. As noted above, in reality, Messalas, acting either directly or through Carlton Capital, the broker-dealer he controlled, was involved in several NASD and FINRA complaints or actions during the preceding 5-year period. Respondents thus deliberately concealed material information that:

a. In November 2004, Messalas entered into a $45,000 settlement with a customer whose NASD arbitration complaint alleged that Messalas caused $1.6 million in losses as a result of misrepresentations, omissions, churning and suitability violations;

b. In August 2005, FINRA censured and fined Carlton Capital $10,000 for its failure to comply with the Bank Secrecy Act of 1970;

c. In November 2008, FINRA censured and fined Carlton Capital $40,000 for improperly providing registered representatives with access to unrecorded telephone lines and permitting representatives to accept customer orders on unrecorded lines; and

d. FINRA expelled Carlton Capital for its failure to pay the $40,000 fine in January 2009.

24. Respondents also misrepresented to Hedgefund.net and Hedgeco.net that Amato was the Fund's "Administrator." As described in paragraph 18, above, Amato served as a bookkeeper to the Fund. The Fund's Administrator was LeadDog and later LD Equities – both entities controlled jointly by Respondents Messalas and LaRocco.

Respondents Concealed from the Fund's Auditor and Investors Substantial Conflicts of Interests and Related Party Transactions

25. During the audit of the Fund's financial statements for the period ended December 31, 2008, its auditor sought confirmation from Respondents that there were no related parties or transactions, first orally, then in writing via a management representation letter. LaRocco, with Messalas' knowledge, lied to the auditors at the outset of the audit, and claimed that he and LeadDog had disclosed all related parties and transactions. Respondents then repeated this false representation in the management representation letter

dated May 13, 2009 that LaRocco signed, and provided to the auditor. Specifically, LeadDog represented:

> The following have been properly recorded or disclosed in the financial statement: [ ] Related-party transactions and other transactions with affiliates, including fees, commissions, sales, purchases, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties.

26. The Respondents deliberately concealed from the Fund's auditor and the Fund's investors a tangled web of related party transactions and conflicts of interests. For example, the Respondents omitted to disclose that: (i) Messalas and LaRocco collected various undisclosed fees and other payments made in connection with LeadDog investment activities for the Fund; (ii) Messalas had invested the Fund in several companies in which he also had a substantial ownership interest; and (iii) Parties related to the Respondents controlled or participated extensively in Fund investments. Specifically, Respondents concealed the following material information from the Fund's auditor and investors:

Undisclosed Interests in the Fund's Portfolio Companies

a. Messalas formed AudioStreet in 2008, and designated himself as the company's president, secretary, treasurer, sole director, and chairman; Messalas was also AudioStreet's controlling shareholder. In February 2009, Messalas caused the Fund to purchase 1.5 million shares of AudioStreet.

b. Acting through an entity he solely controls, Roadrunner Capital Group, Inc. ("Roadrunner"), Messalas controlled 20% of EcoEnergy shares. In 2007, Messalas directed the Fund to purchase 2.1 million shares of EcoEnergy. With the 2.1 million shares, in total Messalas controlled 26% of EcoEnergy shares.

Undisclosed Compensation

c. Carlton Capital, Messalas' broker-dealer, obtained $20,000 in fees from the Fund for its role as placement agent for private offerings on behalf of EcoEnergy and Paradise.

d. Brookstone, the broker-dealer Messalas controlled, after FINRA expelled Carlton Capital, obtained approximately $30,000 in commissions from the Fund on the sale of EcoEnergy shares in private placements. LaRocco was also paid legal fees of $2,000 in connection with the EcoEnergy offering.

e. LaRocco obtained $5,000 in legal fees in connection with the Fund's purchase of convertible debentures issued by Paradise.

f. Messalas and LaRocco, as the managing members of LeadDog, also received $13,600 in undisclosed so-called "structuring and due diligence fees" related to the Fund's investments.

Undisclosed Related Parties

g. Spring Creek's registered investment adviser, Carlton Wealth Management LLC, was owned and operated by Messalas' sister-in-law and a LeadDog employee, Nicole DePasquale ("DePasquale"). Spring Creek paid Depasquale a monthly management fee of $1,500, plus a 3% performance fee, and she was employed by LeadDog as Messalas' assistant.

h. Hickel, a Fund investor and the Chairman of the Advisory Committee for LeadDog, was also an officer or director of five of the six public companies in the Fund's portfolio, as well as an officer or director of several other private companies in which Respondent LeadDog directed fund investments. Hickel was also an employee of the broker-dealer controlled by Respondent Messalas, Brookstone. In November 2008, the Fund lent $20,000 to an entity controlled by Hickel, and LeadDog recorded the loan as an asset of the Fund. When Hickel failed to satisfy the loan and the note went into default, the Respondents took no action to collect the loan or otherwise protect the Fund's interests.

i. Forman was an officer and/or director of two of the Fund portfolio companies, and a Fund investor. In November 2008, the fund lent $50,000 to Forman. The loan to Forman also went unpaid, and Respondents again took no action to collect the $50,000 the Fund is owed.

27. As a result of Respondents' deliberate false representations and omissions to the Fund's auditor, on May 13, 2009 the auditor issued a clean audit report on the Fund's financial statements. However, based on information provided by the Respondents, the Fund's audited financial statements represented falsely that the sole related party compensation relating to the Fund was the 2% management fee the Fund paid to Messalas and LaRocco.

28. Messalas and LaRocco distributed the false and misleading financial statements to Investor A and other current investors shortly thereafter, and began routinely providing the financials to prospective investors as part of the Fund's package of marketing materials.

29. Upon learning of Respondents' omissions in October 2009, the auditor resigned. Several weeks later it issued an audit retraction letter to LeadDog, citing its failure to disclose related party associations to the auditors during the course of the 2008 audit.

VIOLATIONS

30. As a result of the conduct described above, Respondents willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

31. As a result of the conduct described above, Messalas and LaRocco willfully aided and abetted and caused LeadDog's violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

32. As a result of the conduct described above, LeadDog and Messalas willfully violated Section 206(4) of the Advisers Act which makes it "unlawful for any investment adviser . . . to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative," and Rule 206(4)-8 thereunder, which makes it unlawful for an investment adviser to a pooled investment vehicle to engage in "fraudulent, deceptive, or manipulative" conduct with respect to any investor or prospective investor in a pooled investment vehicle.

33. As a result of the conduct described above, Messalas willfully aided and abetted and caused LeadDog's violations of Section 206(4) of the Advisers Act which makes it "unlawful for any investment adviser . . . to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative," and Rule 206(4)-8 thereunder, which makes it unlawful for an investment adviser to a pooled investment vehicle to engage in "fraudulent, deceptive, or manipulative" conduct with respect to any investor or prospective investor in a pooled investment vehicle.

34. As a result of the conduct described above, LaRocco willfully aided and abetted and caused LeadDog's and Messalas' violations of Section 206(4) of the Advisers Act which makes it "unlawful for any investment adviser . . . to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative," and Rule 206(4)-8 thereunder, which makes it unlawful for an investment adviser to a pooled investment vehicle to engage in "fraudulent, deceptive, or manipulative" conduct with respect to any investor or prospective investor in a pooled investment vehicle.

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 and cease-and-desist proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondent LeadDog pursuant to Section 203(e) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent Messalas pursuant to Section 15(b)(6) of the Exchange Act, including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

D. What, if any, remedial action is appropriate in the public interest against Respondents Messalas and LaRocco pursuant to Section 203(f) of the Advisers Act, including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

E. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

F. What, if any, remedial action is appropriate in the public interest against Respondent LaRocco pursuant to Rule 102(e)(1) of the Commission's Rules of Practice, including, but not limited to, denying, temporarily or permanently, the privilege of appearing or practicing before the Commission.

G. Whether, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, whether Respondents should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act, Section 21B(a) of the Exchange Act, and Section 203(i) of the Advisers Act, and whether Respondents should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act, Sections 21B(e) and 21C(e) of the Exchange Act, and Section 203 of the Advisers 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 not earlier than 30 days and not later than 60 days from service of this Order 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 Respondents 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 a Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, that Respondent may be deemed in default and the proceedings may be determined against him/it 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 Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 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.

By the Commission.

Elizabeth M. Murphy
Secretary