

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3234 / July 8, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14457**

**In the Matter of**

**LOCKE CAPITAL  
MANAGEMENT, INC.,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
203(e) OF THE INVESTMENT ADVISERS  
ACT OF 1940 AND NOTICE OF HEARING**

**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 Locke Capital Management, Inc. (“Respondent” or “Locke”).

**II.**

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From March 1997 through March 2009, Locke was an investment adviser registered with the Commission.

B. ENTRY OF THE INJUNCTION

2. On June 30, 2011, a final judgment was entered against Locke, permanently enjoining Locke from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 204, 204A, 206(1), 206(2), 206(4), and 207 of the Advisers Act and Rules 204-2(a)(6), (8), (10), (15) & (16), 204A-1, and 206(4)-1(a)(5) thereunder, in the civil action entitled Securities and Exchange Commission v.

Locke Capital Management, Inc. and Leila C. Jenkins, Civil Action Number 1:09-CV-00100-S, in the United States District Court for the District of Rhode Island.

3. The Commission's complaint in the foregoing action alleged that, from at least 2003 until 2009, Locke, through its principal Leila C. Jenkins ("Jenkins"), repeatedly misrepresented the nature and amount of its assets under management to clients and prospective clients and in sworn public statements filed with the Commission, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors, as follows. First, Jenkins falsely reported to investors that Locke managed over \$1 billion in assets for a client in Switzerland, but the client did not exist, and Locke's real assets under management were one-tenth of that amount. Jenkins also fabricated investment performance returns, including for years when Locke had no clients and was not managing any assets. Finally, to perpetuate her scheme and conceal her deceptions, Jenkins lied to regulators about the existence of the Swiss client and other matters concerning Locke's business.

### **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 203(e) 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 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