

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

INVESTMENT ADVISERS ACT OF 1940
Release No. 3295/September 30, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14471

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
IMPERIUM INVESTMENT ADVISORS, LLC	:	IMPOSING SANCTION BY DEFAULT

SUMMARY

This Order revokes the registration of Imperium Investment Advisors, LLC (Imperium), as an investment adviser. Imperium was previously enjoined from violating the antifraud provisions of the securities laws.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Imperium on July 20, 2011, pursuant to Section 203(e) of the Investment Advisers Act of 1940 (Advisers Act). The OIP alleges that Imperium was enjoined in 2011 from violating the antifraud provisions of the federal securities laws, based on its involvement in the fraudulent use of investor proceeds in a hedge fund. Imperium was served with the OIP on August 15, 2011. It failed to file an Answer, due twenty days after service of the OIP. See 17 C.F.R. § 201.220(b); OIP at 2. A respondent that fails to file an Answer to the OIP may be deemed to be in default, and the administrative law judge may determine the proceeding against it.¹ See 17 C.F.R. §§ 201.155(a), .220(f); OIP at 2. Thus, Imperium is in default, and the undersigned finds the following allegations in the OIP are true.

II. FINDINGS OF FACT

Imperium, a Commission-registered investment adviser, is permanently enjoined from violating the antifraud provisions of the federal securities laws, specifically, from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and from aiding and abetting violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

¹ Imperium was advised that if it failed to file an Answer to the OIP within the time provided, the undersigned would enter an order revoking its registration as an investment adviser. See Imperium Investment Advisors, LLC, Admin. Proc. No. 3-14471 (A.L.J. Sept. 20, 2011) (unpublished).

SEC v. Buckhannon, No. 8:10-cv-02859 (M.D. Fla. June 29, 2011).² The wrongdoing that underlies the injunction occurred from August 2008 to at least May 2009 while Imperium served as trustee for a Bradenton, Florida-based hedge fund, Vestium Equity Fund, LLC (Vestium).

Imperium's principals signed a trust indenture agreement between Vestium and Imperium that obliged Imperium to hold investor funds in a custodial account and to monitor Vestium's investments to ensure the fund used investor proceeds only for uses specified in the fund's offering materials. The trust indenture was incorporated into Vestium's securities offering materials. Through its managing members, Imperium failed to ensure investor funds were safeguarded and used only for purposes specified in the offering documents and trust indenture. Imperium's principals disbursed investor funds for investments not permitted by Vestium's offering materials, or for investments in which one or more of the principals or the fund's managers had an undisclosed financial interest. In addition, two of the principals misappropriated a \$239,000 payment to the fund.

III. CONCLUSIONS OF LAW

Imperium is permanently enjoined "from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security" within the meaning of Section 203(e)(4) of the Advisers Act.

IV. SANCTION

Imperium's registration as an investment adviser will be revoked. This sanction will serve the public interest and the protection of investors, pursuant to Section 203(e) of the Advisers Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Imperium's unlawful conduct was egregious, over a period of many months. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 203(e) of the Investment Advisers Act of 1940, the REGISTRATION of Imperium Investment Advisors, LLC, as an investment adviser IS REVOKED.

Carol Fox Foelak
Administrative Law Judge

² Official notice, pursuant to 17 C.F.R. § 201.323, is taken of the fact that Imperium was also ordered to disgorge, jointly and severally with others, \$720,200 and prejudgment interest of \$100,095.85 and to pay a civil penalty in an amount to be determined.