

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3054 / July 21, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13972**

**In the Matter of**

**JAMES R. HALSTEAD,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO 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 James R. Halstead (“Halstead” or “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. Halstead, age 63, resides in Santa Ana, California. From March 2004 through December 2006, Halstead was a licensed insurance broker in California and Arizona. Halstead is not registered with the Commission in any capacity.

2. On September 15, 2008, the Commission filed a complaint against Halstead in SEC v. Jeanne M. Rowzee, et al. (Civil Action No. SACV 08-1025 DOC (ANx)), in the United States District Court for the Central District of California, Southern Division. On July 7, 2010, the court entered an order permanently enjoining Halstead, by consent, from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and from aiding and abetting violations of Sections 206(1) and 206(2) of the Advisers Act.

3. The Commission's complaint alleged, among other things, that, in connection with the fraudulent offer and sale of \$52.7 million of securities to approximately 150 investors, the Respondent falsely represented that the investors' funds would be used to purchase PIPE investments which were described as "a private investment being converted into a public entity." The Respondent represented that Jeanne M. Rowzee was an experienced securities attorney who had access to lucrative private investment opportunities through brokers that she controlled and promised returns of 19% to 54% within 12 to 16 weeks. The complaint also alleged that Respondent aided and abetted Rowzee's fraud on her investment adviser clients and misappropriated investor funds. The complaint further alleged that Respondent sold unregistered securities.

### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Halstead be, and hereby is barred from association with any investment adviser.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
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Washington, DC 20549-2557

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Susan F. Hannan, Esq.  
Los Angeles Regional Office  
Securities and Exchange Commission  
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James R. Halstead  
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James R. Halstead  
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Booking # 0800008399  
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Santa Ana, CA 92702