

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2720 / March 12, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-12987

In the Matter of

FRANK J. RUSSO,

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 Frank J. Russo (“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. Russo owned and controlled FJR Corporation, a Wakefield, Massachusetts Investment Adviser. During the period 1982 through 2006, Russo and FJR Corporation managed two limited partnership investment vehicles.

2. On February 25, 2008, Russo pled guilty to one count of Investment Adviser Fraud in violation of Title 15 of United States Code, Sections 80b-6 and 80b-17 and nineteen counts of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the District of Massachusetts, in United States v. Frank J. Russo Crim. No. 07-10127 -WGY-1. On February 26, 2008, a judgment in the criminal case was entered against Russo. He was sentenced to a prison term of 18 years followed by three years of supervised release, ordered to make restitution in the amount of \$20,000,000 and to pay a fine in the amount of \$500,000, and a special assessment of \$2,000.

3. The counts of the criminal indictment to which Russo pled guilty alleged, inter alia, that being an Investment Adviser, Russo did by use of means and instrumentalities of interstate commerce, willfully employ devices, schemes, and artifices to defraud; did willfully engage in transactions, practices, and courses of business which operated as a fraud or deceit upon clients and prospective clients; did willfully engage in acts, practices, and courses of business which were fraudulent, deceptive, and manipulative; did defraud investors and obtained money and property by means of materially false and misleading statements, and that he used the United States mails and private commercial interstate carriers to send false account statements.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Russo 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.

Nancy M. Morris
Secretary