

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2538 / July 26, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12383

In the Matter of

Michael L. Hershey,

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 Michael L. Hershey (“Hershey” 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. Hershey was the founder, president, and 90% owner of Landis Associates, LLC ("Landis"), an investment adviser registered with the Commission, and also was president and chairman of the board of the Henlopen Fund, an investment company registered with the Commission. Landis served as investment adviser to the Henlopen Fund, as well as to a number of individual client accounts. Hershey, 67 years old, is a resident of Tierra Verde, Florida.

2. On July 19, 2006, a final judgment was entered by consent against Respondent, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act, and Rule 10b-5, thereunder, Sections 206(1) and 206(2) of the Advisers Act, and Section 204 of the Advisers Act, and Rules 204-2(a)(3) and (7), thereunder, in the civil action entitled Securities and Exchange Commission v. Michael L. Hershey, et al., Civil Action Number 04-CV-2742, in the United States District Court for the Eastern District of Pennsylvania (the "Civil Action").

3. The Commission's Complaint alleged that, between 1998 and 2001, Hershey, acting directly and through Landis, misused client funds and breached his fiduciary duty to one of his individual clients by using his full discretion over the investments of that client to authorize investments in Tremont Medical, Inc. ("Tremont Medical"), an apparently now-defunct company for which Hershey served as a member of its Board of Directors. Hershey continued these investments, the Complaint alleged, even though it became clear that this client's funds were Tremont Medical's only source of capital. Specifically, the Complaint alleged that Hershey authorized undocumented, uncollateralized, and interest-free cash advances of \$8.1 million from his client's funds, which were falsely characterized on transaction documentation and account statements as purchases of common stock in Tremont Medical, Inc. As a result, the Complaint alleged, the client's account was overvalued by more than \$30 million, as statements for the account falsely represented ownership of approximately 9.9 million shares of Tremont Medical stock, when, in fact, the client account held only 1.9 million shares of Tremont Medical stock, all of which was worthless. Finally, the Complaint asserted that because Hershey liquidated many of this client's other investments in order to make these cash advances to Tremont Medical, by the time the client account was closed, in June 2001, that account had lost 70% of its value and the client had lost all of the funds invested in Tremont Medical.

IV.

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

Accordingly, it is hereby ORDERED:

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

By the Commission.

Nancy M. Morris
Secretary