

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. IA-2902 / July 17, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13553

SECURITIES AND EXCHANGE COMMISSION INSTITUTES
ADMINISTRATIVE PROCEEDINGS AGAINST MARY BETH STEVENS

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (Order) against Mary Beth Stevens (Stevens). The Order alleges that Stevens, the former chief financial officer and chief compliance officer of investment adviser AA Capital Partners Inc. (AA Capital), aided and abetted the misappropriation of more than \$23 million by AA Capital and its former president, John Orecchio (Orecchio).

In the Order, the Division of Enforcement (Division) alleges that, between May 2004 and September 2006, Stevens facilitated Orecchio's and AA Capital's misappropriation of more than \$23 million belonging to AA Capital's clients by improperly withdrawing funds from AA Capital's client trust accounts and transferring those funds for Orecchio's personal benefit and to pay the firm's operating expenses. The Division also alleges that Stevens falsely characterized the withdrawals in the monthly account statements she prepared and sent to AA Capital's clients as "capital calls" for legitimate investments.

The Division further alleges that Stevens also did not fulfill her responsibility as AA Capital's chief financial officer to properly maintain the firm's books and records and that Stevens' failure to keep up-to-date books and records helped conceal Orecchio's and AA Capital's misappropriations from clients.

The Division alleges that Stevens willfully aided and abetted and caused AA Capital's violations of Sections 204, 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rules 204-2(a)(1), 204-2(a)(2), 204-2(a)(6) and 206(4)-4 thereunder.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Stevens an opportunity to dispute the allegations, and to determine what, if any, remedial action is appropriate and in the public interest. As directed by the Commission, an administrative law judge shall issue an initial decision in the matter no later than 300 days from the date of service of the Order pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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